STOCK CODE: 8088

Healthoo International

Technology Holdings Limited

海滙國際科技控股有限公司*

Annual Report 2017

* For identification purpose only

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Contents

Expressed in Hong Kong dollars ("HK$")

The Chinese version of this annual report is provided for reference only. In the event of any inconsistency between the Chinese and English versions, the English version shall prevail.

This annual report is printed on environmentally friendly paper

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.

Management Discussion and Analysis

(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's ("KBS") 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.

Management Discussion and Analysis

(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.

Management Discussion and Analysis

(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.

Management Discussion and Analysis

The Group will continue to engage in the businesses of strategic investment. As at the date of this report, 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.

Management Discussion and Analysis

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. An analysis of the results by operating segments is provided in Note 5 to the financial statements.

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. Further details of the Group's current assets and current liabilities, risk management objectives and policies and exposure to liquidity risk are set out in Notes 17 to 21, 25 and 38 to the financial statements.

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. The terms and conditions of the 2015 HK$140 million Convertible Bonds are detailed in Note 24 to the financial statements. In accordance with the terms and conditions thereof, the initial conversion price is HK$0.325 per share.

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

Details of the Group's financial risk management objectives and policies and exposure to capital risk are set out in Note 38 to the financial statements.

Management Discussion and Analysis

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 and the capital commitments as set out in Note 31 to the financial statements. The Group had no material contingent liabilities as at 31 December 2017.

Equity Structure

An analysis of the movements in equity during the year under review is set out in the consolidated statement of changes in equity on page 66 of the financial statements.

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. Details of the movements in share capital and redeemable convertible preference shares are set out in Notes 27 and 23 respectively to the financial statements.

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.

Management Discussion and Analysis

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.

RETIREMENT BENEFIT SCHEMES

Details of the Group's retirement benefit schemes is set out in Note 3(p)(ii) to the financial statements.

FOREIGN CURRENCY EXPOSURE

Details of the Group's financial risk management objectives and policies and exposure to foreign currency risk are set out in Note 38 to the financial statements.

MATERIAL ACQUISITIONS AND DISPOSALS

During the year under review, other than the significant investments and disposals as detailed in Notes 35 to 37 to the financial statements, the Group made no other significant acquisition or disposal of subsidiaries or affiliated companies.

Management Discussion and Analysis

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 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.

Management Discussion and Analysis

(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 report.

* For identification purpose only

Profiles of Directors

Mr. Wu King Shiu, Kelvin

Mr. Wu, aged 48, joined the Board in May 2014, and was appointed as the Chief Executive Officer and Executive Director. Mr. Wu was appointed as the Chairman of the Company and was re-designated from Chief Executive Officer to Chief Investment Officer on 16 March 2016. Mr. Wu is a member of the Remuneration Committee and the Nomination Committee of the Board. He also acts as director of certain subsidiaries of the Group. He has over 18 years of experience in the finance and investment industries. He is the co-founder and the principal partner of AID Partners Capital Limited. He is co-chairman of the board of i-Future Teens International Foundation Limited, a registered charitable organisation in Hong Kong. He was formerly the director of board of Shunwei Capital Partners and the chief executive officer of Orange Sky Golden Harvest Entertainment (Holdings) Limited (Stock Code: 1132), a company listed on the Stock Exchange, one of the leading film entertainment companies in Asia, from 2009 to 2011 and the chief executive officer of Legendary East Ltd.. Prior to founding AID Partners Capital Limited, Mr. Wu was the president of Investec Asia Limited from 2005 to 2007, where he managed its direct investment business involving energy, consumer and finance related industries. Mr. Wu also worked for other investment banks, including as managing director of China Everbright Capital Ltd., head of corporate finance for Grand Cathay Securities (Hong Kong) Limited, director of corporate finance department of Core Pacific-Yamaichi Capital Limited and held senior position in BNP Prime Peregrine Capital Limited. Besides, Mr. Wu also served as chief operating officer of Sega.com Asia Networks Limited in year 2000.

Mr. Wu received his bachelor degree majored in business administration from The Chinese University of Hong Kong. He also has a post graduate diploma from Osaka University of Foreign Studies (Renamed Osaka University), Japan.

Ms. Chan Suet Ngan

Ms. Chan, aged 47, joined the Board in January 2018, and was appointed as an Executive Director. Ms. Chan was appointed as the Company Secretary of the Company in November 2013. Ms. Chan is currently the Authorised Representative, the Head of Finance and Company Secretariat of the Company and is responsible for overseeing the finance and accounting operations as well as compliance of policies, rules and procedures in relation to accounting matters of the Group. She also acts as director of certain subsidiaries of the Group. Ms. Chan possesses over 15 years experience in the fields of accounting, finance and company secretariat. Before joining the Company, she held senior position in the accounts and finance department in a listed company in Hong Kong.

She is a member of CPA Australia and is also a member of the Hong Kong Institute of Certified Public Accountants. She obtained her Bachelor of Commerce degree from the University of Auckland, New Zealand.

Mr. Hu Kenneth

Mr. Hu Kenneth, aged 31, joined the Board in January 2018, and was appointed as an Executive Director. He has served various key roles across serval functions in the Group since joining the Group in 2015, including director of Brave Entertainment Co. Ltd as well as chief operating officer of HMV Marketing Limited. He is also the special assistant to Chairman of the Board and Head of Strategic Planning of the Company. Mr. Hu Kenneth has accumulated extensive experience and deep understanding in corporate strategy management, innovation management, financial and investment through these managerial roles within the Group.

Mr. Hu Kenneth obtained a Bachelor of Commerce degree from the University of Queensland, Australia.

Profiles of Directors

Ms. Qian Alexandra Gaochuan

Ms. Qian, aged 31, joined the Board in January 2018, and was appointed as an Executive Director, the Compliance Officer and the Authorised Representative. She joined the Group in 2015. She is currently the Assistant Head of Finance and Company Secretariat and Head of Operations of the Company. She also acts as director of certain subsidiaries of the Group. She is the member of the board of director of i-Future Teens International Foundation Limited, a registered charitable organisation in Hong Kong.

Ms. Qian obtained a Bachelor of Business degree from RMIT University and a Master of Commerce degree from the University of Queensland, Australia.

Mr. Xu Haohao

Mr. Xu, aged 33, joined the Board in November 2016, and was appointed as a Non-Executive Director. Mr. Xu has extensive management knowledge and working experience in financial and corporate management. He is currently an executive director and the president of CWT International Limited ("CWT"), which is listed on the Stock Exchange (Stock code: 521). Mr. Xu is a member of each of the executive committee, the remuneration committee and the investment committee of CWT. Mr. Xu is responsible for the business development and day-to-day management of CWT and its subsidiaries. Before joining CWT, he had served as the general manager of the finance department of Hong Kong Airlines Limited.

Mr. Xu obtained a bachelor degree in Financial Administration from University of Winnipeg, Canada.

Mr. Guo Qifei

Mr. Guo, aged 35, joined the Board in November 2016, and was appointed as a Non-Executive Director. Mr. Guo is currently the vice president of CWT since September 2015, and responsible for managing the operation of assets management and corporate finance as well as business development. He has 10 years of experience in financial investment. Before joining CWT, he worked in the merger and acquisition investment department of multinational corporations and financial institutions, mainly engaged in international acquisition business and financial investment.

Mr. Guo obtained a master degree in International Banking and Finance from Lingnan University.

Profiles of Directors

Ms. Fong Janie

Ms. Fong, aged 51, joined the Board in November 2016, and was appointed as a Non-Executive Director. Mr. Fong was re-designated from a Non-Executive Director to an Independent Non-Executive Director on 1 June 2017. Ms. Fong is also a member of the Audit Committee of the Board. She is Managing Director of East West Bank, a post she has held since 2007. California-based East West Bank is a wholly-owned subsidiary of East West Bancorp, Inc., a publicly owned company in the United States of America. From 2000–2004, Ms. Fong was appointed by the California Governor to represent the State of California in Hong Kong and the PRC. Through her former post as California's Chief Representative, Ms. Fong was responsible for creating new economic, trade, and diplomatic ties between the PRC and the U.S.. Ms. Fong practiced law as a licensed California attorney up until 2000 and worked as an executive of Silicon Valley start-up companies from 1998–2000. Ms. Fong served on the Commission on Strategic Development of Hong Kong from 2005–2007. Ms. Fong is a member of the Harvard Kennedy School of Government's Women's Leadership Board and currently serves as: an Advisor to ChinaSF, the China Office of the City and County of San Francisco; a Member of The Chi Tung Association of Hong Kong; a Member of the Board of Governors of the Hong Kong-America Center, an Executive Committee Member of Hong Kong Tianjin Business and Professional Women Association, a member of the Hong Kong Federation of Women Lawyers; and a member of the Asia Advisory Council of the University of California, Los Angeles (UCLA).

Mr. Yuen Kwok On

Mr. Yuen, aged 52, joined the Board in July 2013, and was appointed as an Independent Non-Executive Director. Mr. Yuen is also the chairman of the Audit Committee, the chairman of the Remuneration Committee and a member of the Nomination Committee of the Board. He has extensive experience in financial analysis, risk control and mergers and acquisitions. Prior to joining the Company, Mr. Yuen was the chief financial officer and company secretary of Orange Sky Golden Harvest Entertainment (Holdings) Limited ("OSGH"). He joined OSGH in October 1996 and has in-depth knowledge of operations of film distribution and exhibition business. OSGH's shares are listed on the Main Board of the Stock Exchange (Stock code: 1132). From October 2015 to July 2017, he was an independent non-executive director of Mason Group Holdings Limited (Stock code: 273), which is listed on the Stock Exchange.

Mr. Yuen is a member of the CPA Australia and the Hong Kong Institute of Certified Public Accountants. He obtained a master's degree of business administration from Hong Kong Baptist University.

Mr. Matsumoto Hitoshi

Mr. Matsumoto, aged 63, joined the Board in August 2017, and was appointed as an Independent Non-Executive Director. Mr. Matsumoto is a member of the Nomination Committee, the Remuneration Committee and the Audit Committee of the Board. He has over 30 years of experience in the computer science field. He is the Executive Advisor of Fujitsu Laboratories of America, Inc. ("FLA"). He was formerly the Executive Fellow of FLA from 2011 to 2014, President & Chief Executive Officer of FLA from 2006 to 2011, Vice President of Internet Services Research and Business Development/Alliance of FLA from 2002 to 2006. He moved to Silicon Valley to conduct Multimedia & Internet services projects at Fujitsu Personal Systems, Inc in 1997. He joined Fujitsu Limited in Japan in April 1979.

Mr. Matsumoto received his bachelor degree in Applied Physics and master degree in Information Engineering from Nagoya University, Nagoya, Japan.

Directors' Report

The Directors present their report and the audited financial statements of the Company and the Group for the year ended 31 December 2017.

PRINCIPAL ACTIVITIES

The principal activity of the Company is to act as the holding company of the Group. The Group is principally engaged in the businesses of strategic investment and asset management. The principal activities of the Company's principal subsidiaries as at 31 December 2017 are set out in Note 40 to the financial statements.

RESULTS AND APPROPRIATIONS

The results of the Group for the year ended 31 December 2017 and the state of affairs of the Group and the Company at that date are set out in the consolidated financial statements on pages 60 to 180.

The Directors do not recommend the payment of a dividend for the year.

SHARE CAPITAL

Details of movements in the share capital of the Company during the year are set out in Note 27 to the financial statements.

RESERVES

Details of movements in the reserves of the Group and the Company during the year are set out in Note 28 to the financial statements.

DISTRIBUTABLE RESERVE

Details of the movements in distributable reserve of the Group and the Company are set out in Note 28 to the financial statements.

CONVERTIBLE BONDS

Details of the movements in convertible bonds of the Company during the year are set out in Note 24 to the financial statements.

PROPERTY, PLANT AND EQUIPMENT

Details of movements in the property, plant and equipment of the Group during the year are set out in Note 13 to the financial statements.

FIVE YEAR FINANCIAL SUMMARY

A summary of the results and of the assets and liabilities of the Group for the last five financial years is set out on page 181.

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.

SHARE OPTION SCHEMES

Details of the Share Option Schemes are set out in Note 29 to the financial statements.

Directors' Report

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

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

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

Summary of the 2014 Share Option Scheme disclosed in accordance with the GEM Listing Rules is as follows:

Purpose of the scheme	To encourage the participants to perform their best in achieving the goals of the Group and at the same time allow the participants to enjoy the results of the Group attained through their efforts and contributions and to provide the participants with incentives and help the Group in retaining and recruiting talents.
Participants of the scheme	Eligible participant may be a person or an entity belonging to any of the following classes: (a) any eligible employee (i.e. any employee of or any person who has accepted an offer of employment from (whether full time or part time employee, including any executive director but not any non-executive director) the Company, its subsidiaries and any entity in which the Group holds any equity interest (the "Invested Entity")) (the "Eligible Employee"); (b) any non-executive director (including independent non-executive directors) of the Company, any of its subsidiaries or any Invested Entity; (c) any supplier of goods or services to any member of the Group or any Invested Entity; (d) any customer of the Group or any Invested Entity;

Directors' Report

	(e) any person or entity acting in their capacities as advisers or consultants to the Group or any Invested Entity; and (f) any shareholder of any member of the Group or any Invested Entity or any holder of any securities issued by any member of the Group or any Invested Entity from time to time determined by the Directors having contributed or may contribute to the development and growth of the Group or any Invested Entity.
Total number of shares available for issue under the 2014 Share Option Scheme and percentage of issued share capital as at the date of this report	As at the date of this report, the total number of shares available for allotment and issue under 2014 Share Option Scheme and previous share option scheme is, 684,678,768 Shares, representing approximately 6.39% of the Company's total number of issued shares as at the date of this report.
Maximum entitlement of each participant under the scheme	The total number of shares issued and which may fall to be issued upon exercise of the options granted under the 2014 Share Option Scheme (including both exercised and outstanding options) to each grantee in any 12–month period shall not exceed 1% of the issued share capital of the Company for the time being unless it is approved by shareholders at general meeting of the Company with such grantee and his associates abstaining from voting. Where any grant of share options to a substantial shareholder or an independent non-executive director or any of their respective associates, would result in the shares issued and to be allotted and issued upon exercise of all options already granted and to be granted (including options exercised, cancelled or outstanding) to such person in the 12–month period up to and including the date of such grant: (a) representing in aggregate over 0.1% of the shares in issue; and (b) having an aggregate value, based on the closing price of shares at the date of each grant, in excess of HK$5 million; such further grant of options must be approved by shareholders at general meeting of the Company.
The period within which the shares must be taken up under an option	A period to be specified by the Directors and not to exceed 10 years from the date of grant of options.

Directors' Report

The minimum period for which an option must be held before it can be exercised	Any period as determined by the Directors.
The amount payable on application or acceptance of the option and the period within which payments or calls must or may be made or loans for such purposes must be repaid	HK$10.00 is payable within 28 days from the date of offer in relation to the grant of the options.
The basis of determining the exercise price	The exercise price is determined by the Directors which must be at least the higher of (i) the closing price of the Shares as stated in the daily quotations sheets issued by the Stock Exchange on the date of grant, which must be a trading day; and (ii) the average closing price of the Shares as stated in the daily quotation sheets issued by the Stock Exchange for the five trading days immediately preceding the date of grant; and (iii) the nominal value of the Share.
The remaining life of the scheme	The 2014 Share Option Scheme shall be valid and effective for a period of 10 years from the date of adoption, i.e. 15 April 2014.

Directors' Report

DONATIONS

During the year, HK$500,000 donation has been made (2016: Nil).

DIRECTORS

The Directors of the Company during the year and up to the date of this report were as follows:

Executive Directors:

Wu King Shiu, Kelvin (Chairman)	
Ho Gilbert Chi Hang	(resigned on 1 January 2018)
Chan Suet Ngan	(appointed on 1 January 2018)
Hu Kenneth	(appointed on 1 January 2018)
Qian Alexandra Gaochuan	(appointed on 1 January 2018)

Non-Executive Directors:

Chang Tat Joel	(resigned on 10 November 2017)
Xu Haohao	
Guo Qifei	
Fong Janie	(re-designated as Independent Non-Executive Director on 1 June 2017)

Independent Non-Executive Directors:

Chinn Adam David	(resigned on 1 June 2017)
Professor Lee Chack Fan, *GBS, SBS, JP*	(resigned on 15 August 2017)
Fong Janie	(re-designated from Non-Executive Director on 1 June 2017)
Yuen Kwok On	
Matsumoto Hitoshi	(appointed on 15 August 2017)

In accordance with article 86(3) of the Company's Articles of Association, Mr. Matsumoto Hitoshi, Ms. Chan Suet Ngan, Mr. Hu Kenneth and Ms. Qian Alexandra Gaochuan will hold office until the forthcoming annual general meeting (the "Annual General Meeting") and will be eligible for re-election.

Besides, Mr. Xu Haohao, Mr. Guo Qifei and Ms. Fong Janie retire by rotation and, being eligible, offer themselves for re-election at the Annual General Meeting in accordance with article 87 of the Company's Articles of Association.

The Company has received, from each of the Independent Non-Executive Directors, an annual confirmation of his independence pursuant to Rule 5.09 of the Rules Governing the Listing of Securities on the Growth Enterprise Market of the Stock Exchange of Hong Kong Limited ("the GEM Listing Rules"). The Company considers all of the Independent Non-Executive Directors are independent.

PERMITTED INDEMNITY PROVISION

Pursuant to the Articles of Association of the Company, every Director shall be entitled to be indemnified out of the assets of the Company against all losses or liabilities which he/she may sustain or incur in or about the execution of the duties of his/her office or otherwise in relation thereto.

The Company has arranged appropriate directors' and officers' liability insurance coverage for the Directors and officers of the Group throughout the year.

Directors' Report

DIRECTORS' SERVICE CONTRACTS

None of the Directors offering themselves for re-election at the forthcoming annual general meeting has a service contract with the Company or any of its subsidiaries which is not determinable by the Group within one year without payment of compensation, other than statutory compensation.

DIRECTORS' REMUNERATION

Details of the Company's Directors' remuneration are set out in Note 12(a) to the financial statements.

DIRECTORS' MATERIAL INTERESTS IN TRANSACTIONS, ARRANGEMENTS OR CONTRACTS

Save as disclosed in this report, there were no other transactions, arrangements or contracts of significance in relation to the Group's business to which the Company's or any of its subsidiaries was a party, and in which a Director or its connected entities had a material interest (whether directly or indirectly) subsisting at the end of the year or at any time during the year.

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

Directors' Report

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

Directors' Report

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.

Directors' Report

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%
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") (Notes 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%

Directors' Report

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.

Directors' Report

(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.

COMPETING INTERESTS

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

ENVIRONMENTAL POLICIES AND PERFORMANCE

The Group is committed to the long-term sustainability of its businesses and the communities with which it engages. We pursue this business approach by managing our business prudently and executing management decisions with due care and attention. We will continue to update the requirements of the relevant environmental laws and regulations applicable to it to ensure compliance. During the year under review, the Group has complied with the relevant environmental laws and regulations applicable to it in all material respects.

COMPLIANCE WITH LAWS AND REGULATIONS

The Group continues to update the requirement of the relevant laws and regulations in various countries, particularly in Hong Kong and the PRC, applicable to the Group to ensure compliance. Substantially a majority of the Group's assets and revenue are located in and derived from Hong Kong and the PRC. During the year under review, the Group complied with the relevant laws and regulations in various countries applicable to it in all material respects.

MAJOR CLIENTS AND SUPPLIERS

During the year, approximately 51% of the Group's revenue and approximately 76% of the Group's cost of sales were attributable to the Group's five largest customers and five largest suppliers, respectively.

CONNECTED TRANSACTIONS

Except otherwise disclosed in the financial statements, the Group had no transactions incurred during the year which need to be disclosed as connected transactions in accordance with the requirements of the GEM Listing Rules.

Details of related party transactions are set out in Note 30 to the financial statements.

Directors' Report

FINANCIAL ASSISTANCE AND GUARANTEES TO AFFILIATED COMPANIES

As at 31 December 2017, the Group had no advances outstanding which were non-trading in nature and exceeded 8% of the total assets of the Group as at 31 December 2017 which was required to be disclosed under Rule 17.18 of the GEM Listing Rules.

FULL NAME AND QUALIFICATIONS OF COMPANY SECRETARY AND THE COMPLIANCE OFFICER

The Company Secretary of the Company is Chan Suet Ngan. She holds a bachelor's degree in commerce, major in accounting and finance. She is a member of CPA Australia and is also a member of the Hong Kong Institute of Certified Public Accountants.

The Compliance Officer of the Company is Qian Alexandra Gaochuan. She holds a Bachelor of Business degree from RMIT University and a Master of Commerce degree from the University of Queensland, Australia.

DIRECTORS' RESPONSIBILITIES FOR THE FINANCIAL STATEMENTS

The Directors are responsible for the preparation of these financial statements.

SUFFICIENCY OF PUBLIC FLOAT

The Company has maintained sufficient public float throughout the year ended 31 December 2017.

OTHER MATTERS

Details of events after the reporting date are set out in Note 43 to the financial statements.

AUDITOR

The financial statements for the year ended 31 December 2017 were audited by BDO Limited who will retire from office and, being eligible, offer themselves for re-appointment at the forthcoming annual general meeting of the Company.

For and on behalf of the Board
Wu King Shiu, Kelvin
Chairman
23 March 2018

Corporate Governance Report

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.

BOARD OF DIRECTORS

Composition

As at the date of this report, the Board comprises nine Directors, of which two are Non-Executive Directors and three are Independent Non-Executive Directors, as follows:

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

Non-Executive Directors:
Xu Haohao
Guo Qifei

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

Corporate Governance Report

The biographies of the Directors are set out under the "Profiles of Directors" on pages 13 to 15, and are posted on the Company's website (www.8088inc.com).

The principal role of the Board is to provide strategic leadership to the Group within a framework of prudent and effective controls, which enables risk to be assessed and managed. The Board sets the Group's strategic aims, oversees the allocation of financial and human resources and reviews management performance. The Board sets the Group's values and standards and ensures that its obligations to shareholders and others are met and understood. The Board meets at least quarterly to review and discuss the Group's performance, strategy and business opportunities available. The Board also reviews and approves the Quarterly, Interim and Annual Reports of the Company. The Board has delegated the day-to-day running of the Group to the Executive Directors/Chief Executive Officer and the Group's management team. However, the Board retains responsibility for:

- Approving annual operating and capital expenditure budgets and any material changes to them;
- Approving the remuneration of the Directors (based on the recommendations of the Remuneration Committee);
- Approving the appointment of Directors (based on recommendations of the Nomination Committee);
- Approving the Quarterly, Interim and Annual Reports (based on recommendations of the Audit Committee);
- Approving any decision to cease to operate all or any material part of the business;
- Approving any changes relating to the Group's capital structure, including the reduction of capital, share issues and share buy backs; and
- Approval of dividend policy and declaration of interim and final dividends.

The Company has complied with Rules 5.05(1) and (2) of the GEM Listing Rules relating to the appointment of sufficient number of Independent Non-Executive Directors. An Independent Non-Executive Director has appropriate professional qualifications, or accounting or related financial management expertise.

The Company considers that each of its Independent Non-Executive Directors are independent in accordance with the guidelines for assessing independence set out in Rule 5.09 of the GEM Listing Rules.

The Company has received, from each of the Independent Non-Executive Directors, an annual confirmation of his independence pursuant to Rule 5.09 of the GEM Listing Rules. The Company considers all of the Independent Non-Executive Directors are independent.

Corporate Governance Report

Hero Sign Limited, Abundant Star Ventures Limited and Vantage Edge Limited own 507,888,000, 909,090,909 and 681,818,181 Shares, respectively. Mr. Wu, Mr. Ho and Mr. Chang are deemed to have interests in 507,888,000, 909,090,909 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.

Save as disclosed herein, the Company considers that there is no relationship (including financial, business, family or other material/relevant relationship) among the members of the Board.

Term of Appointment and Re-election

The Non-Executive Directors were appointed for fixed terms of one year and thereafter are terminable on three month's written notice from either party. Every Director is subject to retirement by rotation at least once every three years. All Directors appointed to fill a casual vacancy are subject to election by shareholders at the first general meeting after their appointment.

Training and Support for Directors

All the Directors, including Non-Executive Directors and Independent Non-Executive Directors, are briefed on regular basis to have a proper understanding of their collective responsibilities as Directors and of the operations and business of the Group. The Group assists in arranging professional development training to all the Directors to develop and refresh the Directors' knowledge and skills, and continuously updates all the Directors on latest developments regarding the GEM Listing Rules and other applicable regulatory requirements to ensure compliance and to enhance their awareness of good corporate governance practices.

Corporate Governance Report

Board Meetings

There have been 11 meetings of the Board during the year.

Attendance of individual Directors at meetings of the Board held during the year was as follows:

	No. of board meetings attended
Wu King Shiu, Kelvin	10/11
Ho Gilbert Chi Hang (resigned on 1 January 2018)	10/11
Chang Tat Joel (resigned on 10 November 2017)	2/10
Xu Haohao	6/11
Guo Qifei	9/11
Fong Janie (re-designated from non-executive Director to independent non-executive Director on 1 June 2017)	7/11
Chinn Adam David (resigned on 1 June 2017)	4/5
Professor Lee Chack Fan, *GBS, SBS, JP* (resigned on 15 August 2017)	5/8
Yuen Kwok On	11/11
Matsumoto Hitoshi (appointed on 15 August 2017)	3/3

CHAIRMAN AND CHIEF EXECUTIVE OFFICER

Up to the date of this report, Mr. Wu King Shiu, Kelvin is the Chairman and Chief Investment Officer of the Company. Following the step down of Mr. Ho Gilbert Chi Hang from the office of Executive Director and Chief Executive Officer of the Company on 1 January 2018, the Board has not appointed an individual to take up the vacancy of Chief Executive Officer of the Company, and the role and function of the Chief Executive Officer have been performed by the four Executive Directors of the Company collectively.

REMUNERATION COMMITTEE AND REMUNERATION OF DIRECTORS

The Company established a Remuneration Committee on 11 August 2005. The Committee meets at least once a year. The terms of reference of the Remuneration Committee are posted on the Company's website (www.8088inc.com). The principal functions of the Remuneration Committee include: recommending to the Board the policy and structure for the remuneration of the Chairman, Executive Directors and senior management (as determined by the Board), determining the specific remuneration packages of the Chairman, Executive Directors and senior management, reviewing and approving performance-based remuneration and compensation for loss or termination of office payable to Chairman, Executive Directors and senior management, ensuring no Director is involved in deciding his or her own remuneration, and approving the service contracts of Directors. The Remuneration Committee also fulfils the role of an Options Committee for the Share Option Scheme and its main duty in this context is to approve the grant of options to relevant eligible participants.

The Remuneration Committee comprised a majority of Independent Non-Executive Directors, is chaired by Mr. Yuen Kwok On, and its membership includes Mr. Wu King Shiu, Kelvin and Mr. Matsumoto Hitoshi.

There were 3 Remuneration Committee meetings during the year.

Corporate Governance Report

Attendance of individual members at meetings of the Remuneration Committee held during the year was as follows:

	No. of remuneration committee meetings attended
Yuen Kwok On	3/3
Wu King Shiu, Kelvin	3/3
Professor Lee Chack Fan, *GBS, SBS, JP* (resigned on 15 August 2017)	2/3
Matsumoto Hitoshi (appointed on 15 August 2017)	0/0

The Remuneration Committee determined the specific remuneration packages of all the Executive Directors and senior management.

NOMINATION COMMITTEE AND NOMINATION OF DIRECTORS

The Company established a Nomination Committee on 11 August 2005. The terms of reference of the Nomination Committee are posted on the Company's website (www.8088inc.com). The principal function of the Nomination Committee is the consideration and nomination of candidates to fill casual vacancies to the Board.

The Company acknowledges that the diversification of the members of the Board has positive effects on enhancing the Group's performance. The Company sees the diversification of the members of the Board as an important supporting factor for the Group to achieve its strategic goal and maintain sustainable growth. In deciding the composition of the Board, the Company will consider the Board diversity from various perspectives, including but not limited to sex, age, cultural and academic background, race, professional experience, skills, knowledge and terms of services. All of our Directors are appointed according to the principle of meritocracy while all candidates are being selected objectively, and the benefit of Board diversity will also be taken into full consideration.

The Nomination Committee comprised a majority of Independent Non-Executive Directors, is chaired by Mr. Wu King Shiu, Kelvin and its membership includes Mr. Yuen Kwok On and Mr. Matsumoto Hitoshi.

There were 2 Nomination Committee meetings during the year.

Corporate Governance Report

Attendance of individual members at meetings of the Nomination Committee held during the year was as follows:

	No. of nomination committee meetings attended
Wu King Shiu, Kelvin	1/2
Professor Lee Chack Fan, *GBS, SBS, JP* (resigned on 15 August 2017)	1/2
Yuen Kwok On	2/2
Matsumoto Hitoshi (appointed on 15 August 2017)	0/0

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 met 4 times during the year ended 31 December 2017.

Attendance of individual members at meetings of the Audit Committee during the year was as follows:

	No. of audit committee meetings attended
Yuen Kwok On	4/4
Chinn Adam David (resigned on 1 June 2017)	2/2
Professor Lee Chack Fan, *GBS, SBS, JP* (resigned on 15 August 2017)	2/3
Fong Janie (appointed on 1 June 2017)	1/2
Matsumoto Hitoshi (appointed on 15 August 2017)	1/1

The Audit Committee has met with the Auditor and the Financial Controller during the year to review the 2016 Annual Report and the Quarterly Report for the quarters ended 31 March 2017 and 30 September 2017, and the Interim Report for the six months ended 30 June 2017. The Audit Committee has also met to review these annual figures and was satisfied with the outcome of its review.

The composition of the Audit Committee meets the requirements of Rule 5.28 of the GEM Listing Rules.

Corporate Governance Report

AUDITOR'S REMUNERATION

Auditor's remuneration in respect of audit and non-audit services provided by external auditor for the year ended 31 December 2017 amounted to HK$1,276,000 (2016: HK$1,535,000) and HK$585,000 (2016: HK$1,758,000) respectively. The non-audit services included the review of the Quarterly and Interim Reports of the Company during the year.

RISK MANAGEMENT AND INTERNAL CONTROL SYSTEMS

The Board recognises its responsibility to ensure the Company maintains a sound and effective risk management and internal control system. The Group's internal control system is designed and established to ensure that assets are safeguarded against improper use or disposal, relevant rules and regulations are adhered to and complied with, reliable financial and accounting records are maintained in accordance with relevant accounting standards and regulatory reporting requirements, and key risks that may impact on the Group's performance are appropriately identified and managed. Review of the Group's internal controls covering major financial, operational and compliance controls, as well as risk management functions. The internal control system can only provide reasonable and not absolute assurance against material misstatement or loss, as they are designed to manage, rather than eliminate the risk of failure to achieve business objectives.

The Group's risk management framework includes risk identification, risk assessment, risk treatment and monitoring and reviewing of the effectiveness of the measures. This risk management framework is guided by the three-tier risk management approach. At the first line of defense, business divisions are responsible for identifying, assessing and monitoring risks associated with each business or deal. The management, as the second line of defense, defines rule sets and models, provides technical support, develops new systems and oversees portfolio management. It ensures that risks are within the acceptable range and that the first line of defense is effective. As the final line of defense, the audit committee of the Company, with the professional advices and opinions from the external professional consultant by whom internal audit work of the Group was conducted on annual basis, ensures that the first and second lines of defense are effective through constant inspection and monitoring.

In addition to the review of risk management and internal controls undertaken by the external professional consultants, the external auditor also assessed the adequacy and effectiveness of certain key risk management and internal controls as part of their statutory audits. Where appropriate, the external auditor's recommendations are adopted and enhancements to the risk management and internal controls will be made.

Corporate Governance Report

RISK MANAGEMENT AND INTERNAL CONTROL

It is the responsibility of the Board to ensure that the Company maintains sound and effective internal controls to safeguard the shareholders' investments and the Group's assets at all times. The Company has adopted a series of internal control policies and procedures designed to provide reasonable assurance for achieving objectives including effective and efficient operations, reliable financial reporting and compliance with applicable laws and regulations.

During the year, the Group has not set up internal audit department, however, it engaged an external professional consultant to review and assess its risk management and internal control systems and reported to the audit committee. The review covered several parts of the systems including risk management, and operational, financial and compliance controls.

The Board, through the audit committee, has conducted a review of the effectiveness of the Group's risk management and internal control systems for the year ended 31 December 2017 covering all material financial, operational and compliance functions, is of the view that the effectiveness of the risk management and internal control systems of the Group are considered as effective and adequate.

SHARE INTERESTS OF SENIOR MANAGEMENT

The number of shares held by senior management are set out in the Directors' Report on pages 21 to 23.

DIRECTORS' AND OFFICERS' INSURANCE

The Company arranges appropriate insurance cover in respect of potential legal actions against its Directors and Officers.

SHAREHOLDERS

The Board recognises its responsibility to represent the interest of all shareholders and to maximise shareholder value and this section of the Corporate Governance Report details the Group's policies and actions in this respect.

Pursuant to Article 58 of the Articles of Association of the Company, any one or more shareholders holding not less than one-tenth of the paid up share capital of the Company carrying the right of voting at general meetings of the Company shall at all times have the right, by written requisition to the Board or the Company Secretary, to require an Extraordinary General Meeting ("EGM") to be convened, stating the objects of the meeting, and deposited with our Company Secretary at 22/F., New World Tower II, 18 Queen's Road Central, Central, Hong Kong. The meeting shall be held within two months after the deposit of such requisition.

The procedures for shareholders to put forward proposals at an Annual General Meeting ("AGM") or EGM require that a written notice of those proposals be submitted by the shareholders to the Company Secretary at 22/F., New World Tower II, 18 Queen's Road Central, Central, Hong Kong. The detailed procedures vary according to whether the proposal constitutes an ordinary resolution or a special resolution.

Enquiries to be put to the Board should be made in writing and directed to the Company Secretary at 22/F., New World Tower II, 18 Queen's Road Central, Central, Hong Kong.

Corporate Governance Report

CONSTITUTIONAL DOCUMENTS

During the year under review, there is no change in the Company's constitutional documents.

The most recent shareholders meeting was as follows:

An extraordinary general meeting held at hmv kafé, 4/F., Pearl City, 22–36 Paterson Street, Causeway Bay, Hong Kong on Monday, 11 December 2017 at 11:00 a.m. for the purpose of changing the name of the Company from AID Partners Technology Holdings Limited to Healthoo International Technology Holdings Limited.

All the above resolutions received sufficient votes to be duly carried.

As at 31 December 2017, the public float capitalisation was approximately HK$223,596,484 and the number of issued shares on the public float, represents 63.28% of the outstanding issued share capital of the Company.

Environmental, Social and Governance Report

I. ABOUT THIS REPORT

The Group is principally engaged in the business of strategic investment and asset management. Being one of the renowned brands in the investment industry in Hong Kong, the Group actively performs the enterprises' environmental and social responsibilities.

The Group has developed its sustainability strategy with aims to create sustainable values for its stakeholders and to lower its impact on the environment and society. In order to carry out the sustainability strategy from top to bottom, the Board of Directors (the "Board") of the Group has ultimate responsibility for ensuring the effectiveness of the Group's environmental, social and governance ("ESG") policies. The Board has established dedicated teams to manage ESG issues within each business division of the Group. Designated staff member has been assigned to enforce and supervise the implementation of the relevant ESG policies. The Group is also committed to constantly reviewing and adjusting the Group's sustainability policies to satisfy the ever-changing needs of its stakeholders. Details of its management approach in the environmental and social aspects can be found in different sections of this ESG Report. The Group believes that sustainability is essential to the long-term development of the Group.

II. REPORTING PERIOD AND SCOPE OF THE REPORT

This ESG Report covers the environmental and social performance within the operational boundaries of the Group which is the investment business in Hong Kong. The reporting period of this ESG Report is the financial year from 1 January 2017 to 31 December 2017 ("FY2017"), unless specifically stated otherwise. This ESG Report is prepared in both English and Chinese. For any conflict or inconsistency, the English version shall prevail.

Environmental, Social and Governance Report

III. STAKEHOLDER ENGAGEMENT

With the goal to strengthen the sustainability approach and performance of the Group, the Group has put in tremendous efforts to listen to both its internal and external stakeholders. The Group actively collects feedback from its stakeholders to maintain a high standard of sustainability within the Group, while also building a trustful and supporting relationship with them. The Group connects with its stakeholders through their preferred communication channels as listed in the table below.

Stakeholders	Expectations and concerns	Communication Channels
Government and regulatory authorities	— Compliance with laws and regulations — Support economic development	— Supervision on complying with local laws and regulations — Routine reports and taxes paid
Shareholders	— Return on investments — Corporate governance — Business compliance	— Regular reports and announcements — Regular general meetings — Official website
Employees	— Employees' compensation and benefits — Career development — Health and safety working environment	— Performance reviews — Regular meetings and trainings — Emails, notice boards, hotline, caring activities with management
Supply chain	— Fair and open procurement — Protect the rights of customers — Win-win cooperation	— Open tendering — Suppliers' satisfactory assessment — Face-to-face meetings and on-site visits
General public	— Involvement in communities — Business compliance — Environmental protection awareness	— Media conferences and responses to enquiries — Public welfare activities — Face-to-face interview

Environmental, Social and Governance Report

Materiality Assessment

The Group undertakes annual review in identifying and understanding its stakeholders' main concerns and material interests for the ESG Report. In FY2017, stakeholders with high level of influence and dependence on the Group were selected by the management of the Group and invited to express their views and concerns on a list of sustainability issues. Hence, the Group was able to prioritise the issues for discussion accordingly. The result from the materiality assessment survey has been mapped and presented as below.

The Group has analysed and prioritised a series of sustainability items relating to the ESG aspects accordingly. With respect to this ESG Report, the Group has identified employee remuneration and benefits, anti-corruption policies and whistle-blowing procedure, and understanding local communities' need as issues of the highest importance to both the Group and its stakeholders. This review has helped the Group to prioritise its corresponding sustainability issues and highlight the material and relevant aspects, so as to align them with stakeholders' expectations.

Stakeholders Feedback

As the Group strives for excellence, stakeholders' feedback is always welcomed, especially on topics listed as the highest importance in the materiality assessment and its ESG approach and performance. Readers are also welcome to share your views with the Group at info@8088inc.com.

IV. ENVIRONMENTAL SUSTAINABILITY

The Group is committed to the long-term sustainability of the environment and community where it operates. The Group has complied with relevant environmental laws and regulations set out in Hong Kong and other operating regions. The Group stringently controls its emissions and consumption of resources in daily operations and complies with the health and safety standards for office environment.

This section primarily discloses the policies and practices of the Group along with the quantitative data on emissions, use of resources, the environment and natural resources during FY2017.

A.1. Emissions

The Group has strictly complied with relevant laws and regulations set out in Hong Kong, including but not limited to the Waste Disposal Ordinance (廢物處置條例) and Environmental Impact Assessment Ordinance (環境影響評估條例).

Environmental, Social and Governance Report

Air emissions and Greenhouse gases ("GHGs")

The Group has no direct air emission in FY2017 as the Group had no direct fuel consumption. The Green House Gases ("GHGs") emissions from the Group are mainly generated from the purchased electricity and the business travel. The GHG emissions in FY2017 amounted to 79.4 tonnes CO_2-e (equivalent to carbon dioxide emission) with the intensity of 2.1 tonnes CO_2-e per employee. As the GHG emissions are positively correlated with electricity consumption, the Group has implemented several practical measures on saving energy as further described in the next section "Use of Resources" to reduce the amount of carbon emission.

Wastewater and Solid wastes

The wastewater generated from the Group is need-based domestic wastewater that comes from the daily water usage. The amount of domestic wastewater is minimal and managed by the office manager. The solid wastes are mainly paper waste and domestic waste. The office refuse excluding paper is collected and removed by subcontractor as part of building service, thus no separate data can be provided. Due to the nature of the business, no hazardous waste has been generated during the year under review.

The Group has been continuously performing the separate collection method on daily domestic garbage to ensure the reuse of the recyclable waste. Specific dustbins for collecting paper and cans are implemented to encourage employees to collect waste separately. Besides, the Group advocates employees to bring their own lunch boxes and encourage the use of non-disposal cups to reduce the amount of disposable wastes. Proper facilities and spaces are provided at the office pantry for employees to clean and store re-usable tableware.

Table 1 Total emissions of the Group by category in FY2017

Item	Type of emissions		Unit	Amount	Intensity (Per employee)
GHG emission	Scope 2	Energy indirect emission	Tonnes CO_2-e	27.3	0.7
	Scope 3	Other indirect emission (business travel)	Tonnes CO_2-e	52.1	1.4
	Total		Tonnes CO_2-e	79.4	2.1

Environmental, Social and Governance Report

A.2. Use of Resources

The Group has complied with the relevant laws and regulations with regard to its use of resources in Hong Kong during the year under review. Resources used by the Group are mainly electricity and paper. The Group strives to save energy and resources through persistent implementation of internal policies to ensure the resources are consumed in a responsible manner.

Water

The water consumption of the Group comes from domestic water usage and production water usage. The water consumption of the Group is managed by the property management, hence no separate water consumption data can be provided. Although the water consumption is minimal, the Group has implemented following water-saving measures to improve the utilization efficiency of water resources:

- Carry out regular leakage tests on water tap, washers and other defects in the water supply system;
- Strengthen the inspection on water taps, water pipes and water storage system to avoid leakage; and
- Fix dripping taps immediately.

Electricity

The Group has kept a detailed record on electricity consumption. In FY2017, the Group has moved to a new office and consciously selected energy saving lighting and appliances, hence the electricity consumption has significantly dropped from 73,568 kWh in FY2016 to 34,546 kWh in FY2017. All subsidiaries of the Group stringently comply with the Group's electricity-saving policy. The Group is committed to saving electricity by executing the following measures:

- Switch off the vacant lights and air-conditioning;
- Maintain a constant temperature of the air-conditioners;
- Keep the office equipment clean (such as refrigerator, air-conditioner and paper shredder) and ensure that they run efficiently;
- Turn off the computers, copy machines and drinking machines after work;
- Use energy efficient lights for office lighting; and
- Use electronic facilities with energy-saving mark.

Environmental, Social and Governance Report

Other resources

Other resources consumed by the Group are, paper and stationary. The Group has implemented active strategies to reduce the paper consumption as following:

- Promote paperless office, and disseminate information by electronic means (i.e. via email or e-bulletin boards) as much as possible;
- Instil the idea of "Think before print" by reminding staff members to avoid unnecessary printings;
- Set duplex printing as the default mode for most network printers when printouts are needed;
- Reconsider boxes and trays as containers beside photocopier to collect single-sided paper for reuse and recycling; and
- Recycle used stationery whenever possible.

Table 2 Total resource consumption of the Group by category in FY2017

Item	Unit	Amount	Intensity (Per employee)
Electricity	kWh	34,546	897.3
Paper consumption	kg	780	20.3

A.3. The Environment and Natural Resources

The Group has strictly complied with the relevant laws and regulations in relation to the environment and the use of natural resources during the year under review.

To eliminate the impact on the environment, the Group has implemented various measures in daily operations. For example, the Group has replaced all the traditional lights with energy-saving lights that perform better lighting and save energy. Although the resources consumption is minimal, the Group still strives to reduce its environmental impact by resolutely implementing the policies in the daily operations.

Environmental, Social and Governance Report

V. SOCIAL SUSTAINABILITY

Employment and labour practices

B.1. Employment

The Group treasures employees' talent and sees it as the key to success and maintaining the sustainability of the Group. The Group strives to provide its employees with a safe and suitable platform for developing their career, professionalism and advancement.

Compliance with Laws

The human resources policies of the Group strictly adhere to the applicable employment laws and regulations in all operating regions, including the Employment Ordinance (僱傭條例), the Mandatory Provident Fund Schemes Ordinance (強制性公積金計劃條例), Minimum Wage Ordinance (最低工資條例), Labour Law of the PRC (中華人民共和國勞動法), Group Law of the PRC (中華人民共和國公司法) and Labour Contract Law of the PRC (中華人民共和國勞動合同法). The Group has also complied with the laws and regulations in respect to the employees' social security schemes that are enforced by the local government, such as the social security benefits (including the provision of pension, medical insurance, unemployment insurance, work-related injury insurance, maternity insurance and housing provident fund) in the PRC and Mandatory Provident Fund Scheme and Medical Insurance Scheme in Hong Kong. The human resources department of the Group and its subsidiaries are responsible for reviewing and updating the relevant Group policies regularly in accordance with the latest laws and regulations.

Recruitment and promotion

Talent acquisition is vital in ensuring the sustainable development of the business. The Group prepares the "Year Recruitment Plan" and adopts a variety of initiatives to facilitate the recruitment of talented employees, such as internet, institutions' recruitment seminar and agents. All the recruitment procedures are transparent to ensure the fairness. To attract high-calibre candidates, the Group offers fair, competitive remuneration and benefits based on the individuals' past performance, personal attributes, job experiences and career aspiration. The Group also references market benchmarks and internal budget in determining its remuneration and benefit policies.

The Group ensures all the employees get development and promotion opportunities are based on employees' merit when appropriate.

Environmental, Social and Governance Report

Compensation and dismissal

The Group constantly reviews its compensation packages and performs probationary and regular evaluations according to the overall market environment, profitability of the Group and employee's performance in the past. The employees and managers are also reviewed annually in terms of their performance during the year, which includes the working quality, attitude, time management and working skills. This ensures that all employees are recognised by the Group appropriately with respect to their efforts and contributions. The Group will give discretionary bonuses to employees according to their performance, and set share point scheme as a long-term incentive plan for key management staff. By improving the remuneration system and career paths, the Group expects to establish a comprehensive incentive system based on physical, mental, emotional and growth motivations to carry forward the harmonious and stable employment relationship.

Meanwhile, any appointment, promotion or termination of employment contract would be based on reasonable and lawful grounds along with internal policies, such as staff handbooks. The Group strictly prohibits any kind of unfair or unreasonable dismissals.

Working hours and rest period

The Group has formulated its own internal policies based on local employment laws to determine working hours and rest periods for employees. In addition to basic paid annual leave and statutory holidays prescribed by the employment laws of the local governments, employees may also be given additional leave entitlements such as marriage leave, bereavement leave, birthday leave and other kinds of leave. Besides, the working hours have been monitored and employees who work at non-working hours can receive additional remuneration or compensation leave.

Equal opportunity and anti-discrimination

As an equal opportunity employer, the Group is committed to creating a fair, respectful and diverse working environment in all its human resources and employment decisions. For instance, training and promotion opportunities, dismissals and retirement policies are based on factors irrespective of the employees' age, sex, marital status, pregnancy, family status, disability, race, colour, descent, national or ethnic origins, nationality, religion or any other non-job related factors in all business units of the Group. The equal opportunity policy allows zero tolerance to any workplace discrimination, harassment or vilification in accordance with local ordinances and regulations, such as Disability Discrimination Ordinance (殘疾人歧視條例) and Sex Discrimination Ordinance (性別歧視條例). Employees are encouraged to report any incidents involving discrimination to the human resources department of the Group. The Group will shoulder the responsibility for assessing, dealing with, recording and taking any necessary disciplinary actions in relation to such incidents.

Environmental, Social and Governance Report

Other benefits and welfare

The Group provides additional benefits and welfare such as medical subsidies and hospitalisation scheme to its employees. The Group regularly provides tea, coffee, beverages and snacks at the office pantry. In addition, staff members are also given special food at festival occasions such as mooncakes at Mid-Autumn Festival. Various allowances and subsidies have been offered to employees such as professional qualification allowance, external training subsidy, mobile phone allowance, special allowance for marriage, new-born child and bereavement, and so on.

Apart from the annual dinner held on 3rd March 2017, the Group has also organized company lunch at different festivals and birthday party for staffs. Additional bonus and presents have been distributed in Traditional Chinese Festivals.

The effective two-way communication between the general staff and managerial staff is highly encouraged within the Group. The employees maintain timely and smooth communication with each other and with the management through a variety of ways including emails, regular meetings and social networks. Maintaining a barrier-free employer-employee relationship helps create a productive and pleasant working environment.

During the year under review, the Group was in strict compliance with relevant laws and regulations in relation to compensation and dismissal, recruitment and promotion, working hours, rest periods, equal opportunity, diversity, anti-discrimination, welfare and other benefits that have a significant impact on the Group. For the information of employees in the Group is illustrated in Table 3 and Table 4.

Table 3 Total workforce by gender, employment type and age group in FY2017

Unit: number of employee

	By age group					
Gender	**Aged 25 & below**	**Aged 26–35**	**Aged 36–45**	**Aged 46–55**	**Aged 56 & above**	**Total**
Male	1	8	1	3	0	13
Female	1	8	4	4	0	17
Total	2	16	5	7	0	30

Unit: number of employee

By employment type		
Full time	**Part time**	**Total**
30	0	30

Environmental, Social and Governance Report

Table 4 Employee turnover rate by gender and age group in FY2017

Unit: number of employee

Gender	Aged 25 & below	By age group Aged 26–35	Aged 36–45	Aged 46–55	Total
Male	0	3	3	2	8
Employee turnover rate* (in %)	0	10	10	6.7	26.7
Female	1	6	1	1	9
Employee turnover rate* (in %)	3.3	20	3.3	3.3	30
Total	1	9	4	3	17
Total employee turnover rate* (in %)	3.3	30	13.3	10	56.7

* Turnover rate = loss of employees (i.e. the number of regular employees voluntarily resigned ÷ annual average workforce of the Group)

B.2. Health and Safety

To provide and maintain good working conditions and a safe and healthy working environment for its employees, the Group has established internal safety and health policies, which are in line with various laws and regulations stipulated by the HKSAR Government and the State Council of the PRC. The specific laws and regulations include Occupational Safety and Health Ordinance (職業安全及健康條例), Production Safety Laws of the PRC (中華人民共和國安全生產法) and Occupational Disease Prevention Law of the PRC (中華人民共和國職業病防治法).

To creating a clean and tidy working environment with no hazards, the Group prohibits smoking, drinking and taking drugs while enhancing the safety awareness of employees. Also, regular air-condition cleaning and carpet disinfection are held to all employees in the operating areas.

The Group encourages employees to participate in occupational health and safety related seminars and lectures, which are regularly arranged and held by the Group that aims to reduce the occupational injury risk and enhance employees' safety awareness. For example, the Group has hosted emergency exercise (including safety drill, emergency management and hazardous material handling) annually and set safety signs to call employee's attention. The Group targets to achieve an accident-free workplace environment.

In FY2017, no work-related fatalities and no lost days due to work injury had occurred in the Group's related activities. During the year under review, the Group was not in violation of any of the relevant laws and regulations in relation to providing a safe working environment and protecting the employees from occupational hazards that have a significant impact on the Group.

Environmental, Social and Governance Report

B.3. Development and Training

The Group offers comprehensive training and development programmes to its staff in order to strengthen their work-related skills and knowledge. The purpose is to improve the Group's overall operational efficiency and productivity through the intranet platform.

For newly recruited staff member, the Group provides training regarding to their roles, positions, corporate policies and cultures. The Group also encourages employees to attend external trainings for enhancing their competitiveness and expanding their capability through continuous learning. For those who have passed professional training and obtained relevant certificate, the employees can apply for reimbursement and receive corresponding exam leave. To raise employees' awareness of work safety, the Group has arranged Occupational Safety & Health Seminars/Talks in FY2017.

The Group aims to foster a learning culture that could keep strengthening its employees' professional knowledge, so as to benefit the Group as employees are expected to achieve better working performance after receiving appropriate trainings. Employees' performance in the trainings will be considered in the employees' performance evaluations.

B.4. Labour Standards

The Group strictly abides by the Employment Ordinance (僱傭條例) of Hong Kong, Labour Law of the PRC (中華人民共和國勞動法), Prohibition of Child Labour of the PRC (中華人民共和國禁止使用童工規定), Protection of Minors Law of the PRC (中華人民共和國未成年人保護法) and other related labour laws and regulations in Hong Kong and the PRC to prohibit any child and/or forced labour employment.

To combat against illegal employment on child labour, underage workers and forced labour, the Group's human resources staff requires job applicants to provide valid identity documents before confirmation of employment to ensure that the applicants are lawfully employable. The human resources department of the Group is responsible to monitor and ensure the compliance with the latest relevant laws and regulations that prohibit child labour and forced labour. In the recruitment process, the provision of personal information must be real and valid. If there is any concealment of the facts, the Group has right to terminate the employment in accordance with relevant laws and regulations.

During the year under review, the Group was not in violation of any of the relevant laws and regulations, in relation to the prevention of child and forced labour that have a significant impact on the Group.

Environmental, Social and Governance Report

Operating practices

B.5. Supply Chain Management

As a socially responsible enterprise, it is critical and vital for the Group to maintain and manage a sustainable and reliable supply chain that has minimal negative repercussions on the environment and society.

The suppliers are mainly service providers and are selected based on various factors including service quality and reputation. The reputation and quality of suppliers (including whether the supplier has proper licenses for carrying out its business or service) are consistently considered during the selection process. The Group insists on choosing socially responsible suppliers with specific local licences (financial services providers must hold business licenses/certificates of the Hong Kong Securities and Futures Commission or other relevant institutions such as the Hong Kong Monetary Authority) and financially sound business. When choosing suppliers, the Group decides the supplier according to the price and other aspects among at least two candidates.

The Group has regular evaluation on suppliers about the law compliance and punishment record. To maintain a long-term business relationship, the Group keeps updating suppliers' information through the internet, phone and other communication channels. Due to the nature of the business of the Group and the suppliers, risks associated with suppliers are relatively low.

B.6. Product Responsibility

In FY2017, the Group was not in violation of any non-compliance or breach of relevant laws and regulations in relation to advertising, labelling and privacy matters that have a significant impact on the Group.

To ensure that management and staff take prudent and careful action in the evaluation and execution of potential investment or divestment projects, the Group has established a structured and disciplined approach to guide investment or divestment processes.

The investment team of the Group shall regularly monitor the performance of the Group's investments, and analyse the market and investment portfolio for potential risks. Investment team shall report and discuss with Executive Directors periodically regarding each investment portfolio and the potential material risk relating to the investments. The team shall rate the risk level and provide suitable mitigation. A more diversified portfolio on geography, investment size and expected return timing can help minimise risks.

Environmental, Social and Governance Report

The Group places great emphasis on the privacy protection of its customers and ensures that customers' rights are strictly protected in accordance with the Personal Data (Privacy) Ordinance (個人資料（隱私）條例), the Corporate Finance Consultant Code of Conduct (企業融資顧問操守準則) and local laws. Confidentiality agreements or contract-related terms have been signed with customers to ensure that customer's information will not be leaked. The Group has separated the customer data from other ordinary information to protect customers' privacy. Meanwhile, the Group regulates that only authorized personnel can access the personal data collected from the Group's customers. The Group prohibits the provision of consumer information to a third party without authorisation from the customers. Through the internal training and confidential agreements with employees, the Group emphasises confidentiality obligations and the legal consequences of the breaches of relevant rules.

According to the labour contract, all the innovation and relevant intellectual property rights (including copyright, design, trademark) created by employees belong to the Group, and the Group actively applies for intellectual property through legitimate process to protect its interests.

B.7. Anti-corruption

To maintain a fair, ethical and efficient business and working environment, the Group strictly adheres to the local laws and regulations relating to anti-corruption and bribery, irrespective of the area or country where the its business operates, such as Law of the PRC on Anti-money Laundering (中華人民共和國反洗錢法) and the Prevention of Bribery Ordinance (防止賄賂條例).

With no tolerate to any kind of corruption, the Group has formulated and strictly enforced its anti-corruption policies and comprehensive internal operating manuals to prevent any corruptive behaviour. All employees are expected to discharge their duties with integrity and self-discipline, and are required to abstain from involving in bribery, extortion, fraud and money laundering activities or any activities which might exploit their positions against the Group's interests. During the operation process, the Group requires employees to go through proper background and information check to prevent any kinds of bribery, extortion, fraud and money laundering.

The Group has set whistle-blowing policy to report any corruption. Relevant evaluation, consultation, investigation and punishment have been written in the Whistle-blowing policy. Whistle-blowers can report verbally or in writing to the risk management and internal audit department or the senior management of the Group for any suspected misconduct with full details and supporting evidence. The management will conduct investigations against any suspicious or illegal behaviour to protect the Group's interests. The Group advocates a confidentiality mechanism to protect the whistle-blowers against unfair dismissal or victimisation through security regimes.

During the year under review, the Group was not in violation of any of the relevant laws and regulations in relation to bribery, extortion, fraud and money laundering that have a significant impact on the Group.

Environmental, Social and Governance Report

Community

B.8. Community Investment

The Group understands well the importance of making a positive contribution to the communities in which it operates, and sees the interests of such communities as one of its social responsibilities. The Group's businesses and strategic investments have been based on long-term prospects including benefits to the societies. The Group had been proactive in joining CSR activities organised by charitable entities and made monetary donations for multiple occasions during the year under review.

Red Pocket Reuse and Recycle Program

After Chinese New Year, lots of intact red pockets have been thrown away. In Hong Kong, about 320 million red pockets have been consumed, which is equivalent to felling 16,300 trees. The Group encouraged staff members to join ***Lai See Reuse and Recycle program***, which was organized by "Greeners Action" for recycling and reusing red pocket.

Book Recycle Campaign

In order to raise the awareness of environmental protection, the ***Book Recycle Campaign*** was organized by "Hong Kong Environmental Protection Association" and "New World Tower Management Office" for recycling waste books (including magazines and textbooks). The recycled books were donated to students and underprivileged families in various areas of Hong Kong.

Volunteer activity

Hong Kong is one of the best-known cities of the world. However, there are still many impoverished people in the society that need our help and care. The Group keeps fulfilling its corporate social responsibility by providing sincere support and care to maintaining staff wellbeing and community harmony. For instance, the Group has participated into a voluntary service, called "***樂善共迎中秋日***", visiting the elderlies who live alone during Mid-Autumn.

Mooncake donation program

It is widely known that a great many mooncakes have ended up as food waste in landfill every year. To help reduce food waste and share love to the society, the Group joined **Mooncake Collection** that was organized by "Food Angel 惜食堂", an organisation committed to food rescue (food recovery or salvage). The collected mooncakes were given to "Food Angel" altogether, and then redistributed to underprivileged communities.

Environmental, Social and Governance Report

Love Teeth Day

Love Teeth Day has been organized by "The Community Chest". By donating HKD45 or above, participants could receive a "Love Teeth Day Pack" of oral care products. The donations are used to enhance "Oral Health Service for the Needy" provided by the Chest's member social welfare agencies without any deduction.

Christmas Greeting for the Chest

In order to promote corporate social responsibility, the Group has participated in ***Christmas Greetings for the Chest 2017***. The donation received from this programme will be passed on in full, without any deduction for administrative expenses, to provide "Services for the Mentally Ill and Ex-mentally Ill".

Independent Auditor's Report

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To the shareholders of Healthoo International Technology Holdings Limited
(formerly known as AID Partners Technology Holdings Limited)
(incorporated in the Cayman Islands with limited liability)

OPINION

We have audited the consolidated financial statements of Healthoo International Technology Holdings Limited (formerly known as AID Partners Technology Holdings Limited) (the "Company") and its subsidiaries (together the "Group") set out on pages 60 to 180, which comprise the consolidated statement of financial position as at 31 December 2017, and the consolidated statement of profit or loss, the consolidated statement of other comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the year then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies.

In our opinion, the consolidated financial statements give a true and fair view of the consolidated financial position of the Group as at 31 December 2017, and of its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with International Financial Reporting Standards issued by the International Accounting Standards Board (the "IASB") and have been properly prepared in compliance with the disclosure requirements of the Hong Kong Companies Ordinance.

BASIS FOR OPINION

We conducted our audit in accordance with Hong Kong Standards on Auditing ("HKSAs") issued by the Hong Kong Institute of Certified Public Accountants (the "HKICPA"). Our responsibilities under those standards are further described in the "Auditor's Responsibilities for the Audit of the Consolidated Financial Statements" section of our report. We are independent of the Group in accordance with the HKICPA's "Code of Ethics for Professional Accountants" (the "Code"), and we have fulfilled our other ethical responsibilities in accordance with the Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Independent Auditor's Report

KEY AUDIT MATTERS

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated financial statements of the current period. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Interest in HMV Digital China Group Limited ("HMV Digit China")

Refer to notes 14, 16 and 25(a) to the consolidated financial statements.

As at 31 December 2016, the Group's 20.47% equity interest in HMV Digit China was accounted for as an associate by using equity method with a net carrying amount of HK$861,029,000.

As set out in notes 16(b) and 16(c), during the period from 1 January 2017 to 28 June 2017, the Group's shareholding in HMV Digit China was diluted from 20.47% to 16.59% and as at 28 June 2017, the Company's two directors resigned from the board of directors of HMV Digit China which resulted in the derecognition of the interest in HMV Digit China as an associate and reclassification of such as financial asset at fair value through profit or loss, with a fair value loss of HK$286,925,000 recognised in profit or loss.

Subsequently, on 3 November 2017 the Group acquired a further interest in HMV Digit China on bargain and for reasons as explained in note 25(a)(v), it reclassified its interest in HMV Digit China from a financial asset at fair value through profit or loss to an available-for-sale investment (note 14).

We consider that the Group's interest in HMV Digit China a key audit matter due to the numerical significance of the amounts, and that the accounting treatment involves significant judgments.

Independent Auditor's Report

KEY AUDIT MATTERS (continued)

Interest in HMV Digital China Group Limited ("HMV Digit China") (continued)

Our response:

Our procedures in relation to the above matters included:

— reading the correspondences between and the announcements of the Company and HMV Digit China in relation to the resignation of the Company's two directors from the board of directors of HMV Digit China;

— enquiry of the management of the Company relating to the matters as set out above;

— considering the appropriateness of the accounting treatment in the context of the Group's accounting policies and the relevant accounting standards;

— checking supporting information relating to the Group's shareholdings in HMV Digit China;

— checking the calculations of the Group's share of HMV Digit China's loss under equity accounting up to derecognition as an associate, arithmetically and against relevant financial information of HMV Digit China as available;

— checking calculations of the carrying amount of the Group's interest in HMV Digit China, included under available-for-sale investment in the consolidated statement of financial position at the end of the reporting period, arithmetically and against year-end market price of HMV Digit China; and

— checking calculations of the various items in the consolidated statement of profit and loss, consolidated statement of other comprehensive income and consolidated statement of changes in equity arising from the changes in the Group's interest in HMV Digit China and reclassifications thereof during the year; arithmetically and against relevant market prices of HMV Digit China.

Independent Auditor's Report

KEY AUDIT MATTERS (continued)

Impairment assessment of available-for-sale investments

Refer to note 14 to the consolidated financial statements.

As set out in note 14(e), as at 31 December 2017 the Group had an available-for-sale investment of HK$234,000,000, representing an unlisted investment of Zoox, Inc. ("Zoox") which was carried at cost less impairment.

We consider this as a key audit matter as the investment in Zoox is significant due to the size of the balance and the inherent management judgment involved in determining whether there is any impairment for this investment. Based on management's assessment, there was no indicator of impairment and accordingly, no impairment provision has been provided for.

Our response:

Our procedures in relation to the management's impairment assessment included:

— understanding impairment assessment carried out by the Group's management;

— assessing management assessment as to there was any indication of impairment for the investment; and

— considering the appropriateness and reasonableness of market and business information used for the assessment.

Independent Auditor's Report

KEY AUDIT MATTERS (continued)

Impairment assessment of goodwill and intangible assets

Refer to note 15 to the consolidated financial statements.

As at 31 December 2017, the Group had goodwill of HK$88,058,000 and other intangible assets of HK$63,094,000 as set out in note 15.

Management has carried out impairment assessment in accordance with the Group's accounting policies and concluded that there was an impairment of HK$27,900,000 in respect of goodwill and HK$17,658,000 in respect of certain intellectual property as set out in note 15.

We consider this as a key audit matter because the estimation of the recoverable amount of the cash-generating unit to which goodwill and intangible assets belong involves significant judgments and assumptions.

Our response:

Our procedures in relation to management's impairment assessment included:

— assessing the appropriateness of the methodology for determination of the value in use amount;

— considering the reasonableness of key assumptions;

— assessing the reliability of management's forecast by comparing previous projections to actual results achieved;

— testing mathematical accuracy of the calculations; and

— considering the sensitivity of the valuation models to changes in key assumptions.

OTHER INFORMATION IN THE ANNUAL REPORT

The directors are responsible for the other information. The other information comprises the information included in the Company's annual report, but does not include the consolidated financial statements and our auditor's report thereon.

Our opinion on the consolidated financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the consolidated financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Independent Auditor's Report

DIRECTORS' RESPONSIBILITIES FOR THE CONSOLIDATED FINANCIAL STATEMENTS

The directors are responsible for the preparation of consolidated financial statements that give a true and fair view in accordance with International Financial Reporting Standards issued by the IASB and the disclosure requirements of the Hong Kong Companies Ordinance, and for such internal control as the directors determine is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, the directors are responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Group or to cease operations, or have no realistic alternative but to do so.

The directors are also responsible for overseeing the Group's financial reporting process. The Audit Committee assists the directors in discharging their responsibilities in this regard.

AUDITOR'S RESPONSIBILITIES FOR THE AUDIT OF THE CONSOLIDATED FINANCIAL STATEMENTS

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. This report is made solely to you, as a body, in accordance with the terms of our engagement, and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the contents of this report.

Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with HKSAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

Independent Auditor's Report

AUDITOR'S RESPONSIBILITIES FOR THE AUDIT OF THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

As part of an audit in accordance with HKSAs, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.

- evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.

- conclude on the appropriateness of the directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.

- evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

- obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with the Audit Committee regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

Independent Auditor's Report

AUDITOR'S RESPONSIBILITIES FOR THE AUDIT OF THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

We also provide the Audit Committee with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with the directors, we determine those matters that were of most significance in the audit of the consolidated financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

BDO Limited
Certified Public Accountants
Chiu Wing Cheung Ringo
Practising Certificate no. P04434

Hong Kong, 23 March 2018

Consolidated Statement of Profit or Loss

For the year ended 31 December 2017

	Notes	2017 HK$'000	2016 HK$'000
Revenue	6	**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	25(a)	**(18,137)**	(3,390)
Fair value gain on financial liabilities at fair value through profit or loss	25(b)	**–**	1,737
Gain on disposal of subsidiaries, net	36	**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	16(c)	**(286,925)**	(24,484)
Other net income	7	**51,151**	66,230
Selling and distribution expenses		**(4,423)**	(62,085)
Administrative expenses			
Depreciation of property, plant and equipment	13	**(1,394)**	(6,229)
Amortisation of intangible assets	15	**(19,229)**	(25,900)
Other administrative expenses		**(128,490)**	(174,453)
		(149,113)	(206,582)
Impairment of an available-for-sale investment	14(d)	**(1,560)**	–
Impairment of goodwill	15	**(27,900)**	(24,717)
Impairment of other intangible assets	15	**(17,658)**	–
Impairment of interest in an associate	16(d)	**–**	(260,649)
Other operating expenses		**(3,984)**	(9,691)
(Loss)/profit from operations		**(418,230)**	513,130
Finance costs	8	**(13,493)**	(16,176)
Share of results of associates, net of tax	16	**(2,313)**	(4,070)
(Loss)/profit before taxation	9	**(434,036)**	492,884
Taxation credit	10	**6,063**	8,753
(Loss)/profit for the year		**(427,973)**	501,637

Consolidated Statement of Profit or Loss

For the year ended 31 December 2017

	Notes	**2017** **HK$'000**	2016 HK$'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	11	**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

	Notes	**2017** **HK$'000**	2016 HK$'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	14	**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	13	**20,912**	12,022
Available-for-sale investments	14	**962,883**	244,655
Intangible assets	15	**151,152**	126,182
Interest in an associate	16	**–**	861,029
Investments in convertible bonds	17	**41,332**	14,362
Financial assets at fair value through profit or loss	25	**15,557**	7,618
Deposits and other receivables	19	**–**	49,542
		1,191,836	1,315,410
Current assets			
Inventories	18	**450**	–
Trade and other receivables	19	**134,040**	181,993
Investments in convertible bonds	17	**19,056**	–
Financial assets at fair value through profit or loss	25	**18,122**	2,340
Tax recoverable		**486**	561
Short-term deposit with maturity more than three months		**–**	23,262
Cash and cash equivalents	20	**35,358**	211,309
		207,512	419,465
Current liabilities			
Trade and other payables	21	**18,671**	55,065
Net current assets		**188,841**	364,400
Total assets less current liabilities		**1,380,677**	1,679,810

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
Non-current liabilities			
Borrowings	22	**9,033**	–
Convertible bonds	24	**167,742**	154,743
Deferred tax liabilities	26	**12,246**	9,150
		189,021	163,893
Net assets		**1,191,656**	1,515,917
EQUITY			
Share capital	27	**8,352**	722,094
Reserves	28	**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

The consolidated financial statements on pages 60 to 180 were approved and authorised for issue by the board of directors on 23 March 2018 and are signed on its behalf by :

Wu King Shiu, Kelvin
Director

Chan Suet Ngan
Director

Consolidated Statement of Changes in Equity

For the year ended 31 December 2017

	Total equity attributable to owners of the Company												Non-controlling interests	Total equity
	Share capital HK$'000	*Share premium HK$'000	*Convertible bonds equity reserve HK$'000	*Capital reserve HK$'000	*Capital redemption reserve HK$'000	*Share-based compensation reserve HK$'000	*Investment revaluation reserve HK$'000	*Foreign exchange reserve HK$'000	*Other reserve HK$'000	*Statutory surplus reserve HK$'000	*Accumulated losses HK$'000	Total HK$'000	HK$'000	HK$'000
At 1 January 2016	582,016	698,265	9,982	2,112	601	49,063	–	(1,693)	–	3,331	(616,286)	727,391	28,205	755,596
Profit for the year	–	–	–	–	–	–	–	–	–	–	504,551	504,551	(2,914)	501,637
Other comprehensive income:														
Exchange differences on translation of foreign operations	–	–	–	–	–	–	–	(2,975)	–	–	–	(2,975)	(1,473)	(4,448)
Share of other comprehensive income of an associate	–	–	–	–	–	–	(962)	(234)	–	–	–	(1,196)	–	(1,196)
Total comprehensive income for the year	–	–	–	–	–	–	(962)	(3,209)	–	–	504,551	500,380	(4,387)	495,993
Share-based compensation	–	–	–	–	–	25,073	–	–	–	–	–	25,073	–	25,073
Issue of shares upon conversion of convertible bonds (Note 27(a))	124,091	76,580	(8,061)	–	–	–	–	–	–	–	–	192,610	–	192,610
Issue of consideration shares for acquisition of subsidiaries (Note 27(b))	15,987	27,815	–	–	–	–	–	–	–	–	–	43,802	–	43,802
Lapse of share options	–	–	–	–	–	(24,781)	–	–	–	–	24,781	–	–	–
Disposals of interests in subsidiaries without loss of control (Notes 35(a), (b) & (c))	–	–	–	–	–	–	–	–	26,712	–	–	26,712	85,090	111,802
Disposal of subsidiaries as a result of loss of control, reclassified of profit or loss (Note 35(a))	–	–	–	–	–	–	–	–	(26,539)	–	–	(26,539)	(38,080)	(64,619)
Change in ownership of interests in subsidiaries without change of control (Note 35(d))	–	–	–	–	–	–	–	–	(21,792)	–	–	(21,792)	(20,208)	(42,000)
Dividend paid to non-controlling shareholder	–	–	–	–	–	–	–	–	–	–	–	–	(2,340)	(2,340)
Transfer to statutory surplus reserve	–	–	–	–	–	–	–	–	–	1,600	(1,600)	–	–	–
At 31 December 2016	722,094	802,660	1,921	2,112	601	49,355	(962)	(4,902)	(21,619)	4,931	(88,554)	1,467,637	48,280	1,515,917

Consolidated Statement of Changes in Equity

For the year ended 31 December 2017

	Total equity attributable to owners of the Company														Non-controlling interests	Total equity
	Share capital HK$'000	*Share premium HK$'000	*Capital reduction reserve HK$'000	*Convertible bonds equity reserve HK$'000	*Capital reserve HK$'000	*Capital redemption reserve HK$'000	*Share-based compensation reserve HK$'000	*Remuneration share reserve HK$'000	*Investment revaluation reserve HK$'000	*Foreign exchange reserve HK$'000	*Other reserve HK$'000	*Statutory surplus reserve HK$'000	*Accumulated losses HK$'000	Total HK$'000	HK$'000	HK$'000
At 1 January 2017	722,094	802,660	-	1,921	2,112	601	49,355	-	(962)	(4,902)	(21,619)	4,931	(88,554)	1,467,637	48,280	1,515,917
Loss for the year	-	-	-	-	-	-	-	-	-	-	-	-	(420,333)	(420,333)	(7,640)	(427,973)
Other comprehensive income:																
Changes in fair value of available-for-sale investments	-	-	-	-	-	-	-	-	(4,436)	-	-	-	-	(4,436)	-	(4,436)
Reclassification adjustment on impairment of available-for-sale investments	-	-	-	-	-	-	-	-	1,560	-	-	-	-	1,560	-	1,560
Exchange differences on translation of foreign operations	-	-	-	-	-	-	-	-	-	3,829	-	-	-	3,829	(144)	3,685
Share of other comprehensive income of an associate	-	-	-	-	-	-	-	-	76	221	-	-	-	297	-	297
Reclassification to profit or loss on derecognition of interest in an associate	-	-	-	-	-	-	-	-	886	13	-	-	-	899	-	899
Total comprehensive income for the year	-	-	-	-	-	-	-	-	(1,914)	4,063	-	-	(420,333)	(418,184)	(7,784)	(425,968)
Share-based compensation	-	-	-	-	-	-	15,759	-	-	-	-	-	-	15,759	-	15,759
Remuneration shares issued for consultancy service (Note 27(d))	7,605	(1,657)	-	-	-	-	-	7,820	-	-	-	-	-	13,768	-	13,768
Issue of consideration shares for acquisition of subsidiaries (Note 27(e))	105,458	(44,616)	-	-	-	-	-	-	-	-	-	-	-	60,842	-	60,842
Non-controlling interests arising from business combination (Note 37(c))	-	-	-	-	-	-	-	-	-	-	-	-	-	-	11,338	11,338
Lapse of share options	-	-	-	-	-	-	(2,949)	-	-	-	-	-	2,949	-	-	-
Capital reduction (Note 27(f))	(826,805)	-	702,955	-	-	-	-	-	-	-	-	-	123,850	-	-	-
Transfer to statutory surplus reserve	-	-	-	-	-	-	-	-	-	-	-	232	(232)	-	-	-
At 31 December 2017	8,352	756,387	702,955	1,921	2,112	601	62,165	7,820	(2,876)	(839)	(21,619)	5,163	(382,320)	1,139,822	51,834	1,191,656

* As at 31 December 2017, the total of these reserves amounts to an accumulated surplus of HK$1,131,470,000 (31 December 2016: HK$745,543,000).

Consolidated Statement of Cash Flows

For the year ended 31 December 2017

	Notes	2017 HK$'000	2016 HK$'000
Cash flows from operating activities			
Cash used in operations	33	**(74,836)**	(164,861)
Tax paid		**(323)**	(2,637)
Net cash used in operating activities		**(75,159)**	(167,498)
Cash flows from investing activities			
Acquisition of HGGL, net of cash		**–**	(42,000)
Acquisition of AID Japan, net of cash	37(a)	**–**	10,501
Acquisition of Mystery Apex, net of cash	37(b)	**–**	(2,897)
Acquisition of GeneSort Group, net of cash	37(c)	**(21,298)**	–
Interest income received		**9,370**	6,422
Investments in financial assets at fair value through profit or loss		**(71,319)**	–
Investments in available-for-sale investments	14	**(13,976)**	(235,560)
Purchase of property, plant and equipment		**(9,200)**	(17,839)
Purchase of intangible assets		**(12,575)**	(6,976)
Proceeds from disposals of property, plant and equipment		**29**	116
Loans to independent third parties		**–**	(93,400)
Loans to HMV M&E Limited and its subsidiary		**–**	(48,400)
Loan repayment from HMV M&E Limited		**–**	23,400
Disposal of subsidiaries, net of cash disposed	36	**(9,048)**	(77,528)
Proceeds from disposal of an available-for-sale investment		**1,244**	–
Proceeds from disposal of financial assets at fair value through profit or loss		**8,103**	–
Acquisition of associates	16(a)	**–**	(36,669)
Decrease in pledged bank deposits		**–**	7,015
Payment of contingent consideration payables		**–**	(4,207)
Decrease/(increase) in bank deposits with maturity more than three months		**23,262**	(23,262)
Net cash used in investing activities		**(95,408)**	(541,284)

Consolidated Statement of Cash Flows

For the year ended 31 December 2017

	Notes	2017 HK$'000	2016 HK$'000
Cash flows from financing activities			
Disposal of interests in subsidiaries without loss of control		–	111,802
Proceeds from borrowings		8,895	–
Interests paid on convertible bonds		(16,525)	–
Interests paid on borrowings		(356)	–
Redemption of redeemable convertible preference shares		–	(5,475)
Dividend paid to non-controlling shareholder		–	(2,340)
Net cash (used in)/generated from financing activities		(7,986)	103,987
Net decrease in cash and cash equivalents		(178,553)	(604,795)
Cash and cash equivalents as at 1 January		211,309	817,867
Effect of exchange rate changes on cash and cash equivalents		2,602	(1,763)
Cash and cash equivalents as at 31 December	20	35,358	211,309

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.

Notes to the Financial Statements

For the year ended 31 December 2017

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 Interests 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.

The adoption of the amendments has led to the additional disclosure presented in the notes to the consolidated statement of cash flows, Note 39.

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.

Notes to the Financial Statements

For the year ended 31 December 2017

2. ADOPTION OF NEW OR REVISED IFRSs (continued)

(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.

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

Annual Improvements to IFRSs 2014–2016 Cycle — Amendments to IFRS 1 "First-time Adoption of International Financial Reporting Standards"

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 1 "First-time Adoption of International Financial Reporting Standards" removing transition provision exemptions relating to accounting periods that had already passed and were therefore no longer applicable.

Annual Improvements to IFRSs 2014–2016 Cycle — Amendments to IAS 28 "Investments in Associates and Joint Ventures"

The amendments issued under the annual improvements process make small, non-urgent changes to standards where they are currently unclear. They include amendments to IAS 28 "Investments in Associates and Joint Ventures" clarifying that a Venture Capital organisation's permissible election to measure its associates or joint ventures at fair value is made separately for each associate or joint venture.

Notes to the Financial Statements

For the year ended 31 December 2017

2. ADOPTION OF NEW OR REVISED IFRSs (continued)

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

Amendments to IFRS 2 — Classification and Measurement of Share-based Payment Transactions

The amendments provide requirements on the accounting for the effects of vesting and non-vesting conditions on the measurement of cash-settled share-based payments; share-based payment transactions with a net settlement feature for withholding tax obligations; and a modification to the terms and conditions of a share-based payment that changes the classification of the transaction from cash-settled to equity-settled.

IFRS 9 — Financial Instruments

IFRS 9 introduces new requirements for the classification and measurement of financial assets. Debt instruments that are held within a business model whose objective is to hold assets in order to collect contractual cash flows (the business model test) and that have contractual terms that give rise to cash flows that are solely payments of principal and interest on the principal amount outstanding (the contractual cash flow characteristics test) are generally measured at amortised cost. Debt instruments that meet the contractual cash flow characteristics test are measured at fair value through other comprehensive income ("FVTOCI") if the objective of the entity's business model is both to hold and collect the contractual cash flows and to sell the financial assets. Entities may make an irrevocable election at initial recognition to measure equity instruments that are not held for trading at FVTOCI. All other debt and equity instruments are measured at fair value through profit or loss ("FVTPL"). The Group expects that its financial assets currently measured at amortised cost, FVTPL and available-for-sale investments might continue with their respective classification and measurements upon the adoption of IFRS 9.

IFRS 9 includes a new expected loss impairment model for all financial assets not measured at FVTPL replacing the incurred loss model in IAS 39 and new general hedge accounting requirements to allow entities to better reflect their risk management activities in financial statements. The Group expects that the application of the expected credit loss model might result in earlier recognition of credit losses.

IFRS 9 carries forward the recognition, classification and measurement requirements for financial liabilities from IAS 39, except for financial liabilities designated at FVTPL, where the amount of change in fair value attributable to change in credit risk of the liability is recognised in other comprehensive income unless that would create or enlarge an accounting mismatch. In addition, IFRS 9 retains the requirements in IAS 39 for derecognition of financial assets and financial liabilities. The Group currently does not have any financial liabilities designated at FVTPL and therefore this new requirement may not have any impact on the Group on adoption of IFRS 9.

In addition, the application of IFRS 9 in the future may result in more disclosures in the consolidated financial statements. However, it is not practicable to provide a reasonable estimate of the effect of IFRS 9 until the Group performs a detailed review.

Amendments to IFRS 9 — Prepayment Features with Negative Compensation

The amendments clarify that prepaid financial assets with negative compensation can be measured at amortised cost or at FVTOCI if specified conditions are met — instead of at FVTPL.

2. ADOPTION OF NEW OR REVISED IFRSs (continued)

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

IFRS 15 — Revenue from Contracts with Customers

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

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

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

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

The Directors anticipates that the application of IFRS 15 in the future may have an impact on the amounts of revenue reported in particulars for the mobile game business as the timing of revenue recognition and allocation of total consideration to respective performance obligations based on relative fair values may be affected. In addition, the application of IFRS 15 in the future may result in more disclosures in the consolidated financial statements. However, it is not practicable to provide a reasonable estimate of the effect of IFRS 15 until the Group performs a detailed review.

Amendments to IFRS 15 — Revenue from Contracts with Customers (Clarifications to IFRS 15)

The amendments to IFRS 15 included clarifications on identification of performance obligations; application of principal versus agent; licenses of intellectual property; and transition requirements.

IFRS 16 — Leases

IFRS 16, which upon the effective date will supersede IAS 17 "Leases" and related interpretations, introduces a single lessee accounting model and requires a lessee to recognise assets and liabilities for all leases with a term of more than 12 months, unless the underlying asset is of low value. Specifically, under IFRS 16, a lessee is required to recognise a right-of-use asset representing its right to use the underlying leased asset and a lease liability representing its obligation to make lease payments. Accordingly, a lessee should recognise depreciation of the right-of-use asset and interest on the lease liability, and also classifies cash repayments of the lease liability into a principal portion and an interest portion and presents them in the statement of cash flows. Also, the right-of-use asset and the lease liability are initially measured on a present value basis. The measurement includes non-cancellable lease payments and also includes payments to be made in optional periods if the lessee is reasonably certain to exercise an option to extend the lease, or to exercise an option to terminate the lease. This accounting treatment is significantly different from the lessee accounting for leases that are classified as operating leases under the predecessor standard, IAS 17.

Notes to the Financial Statements

For the year ended 31 December 2017

2. ADOPTION OF NEW OR REVISED IFRSs (continued)

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

IFRS 16 — Leases (continued)

As at 31 December 2017, the Group has non-cancellable operating lease commitments of approximately HK$20,267,000 as disclosed in Note 31(a). A preliminary assessment indicates that these arrangements will meet the definition of a lease under IFRS 16, and hence the Group will recognise a right-of-use asset and a corresponding liability in respect of all these leases unless they qualify for low value or short-term leases upon the application of IFRS 16. In addition, the application of new requirements may result in changes in measurement, presentation and disclosure as indicated above. However, it is not practicable to provide a reasonable estimate of the financial effect until the Group performs a detailed review.

In respect of the lessor accounting, IFRS 16 substantially carries forward the lessor accounting requirements in IAS 17. Accordingly, a lessor continues to classify its leases as operating leases or finance leases, and to account for those two types of leases differently.

IFRIC 22 — Foreign Currency Transactions and Advance Consideration

The interpretation provides guidance on determining the date of the transaction for determining an exchange rate to use for transactions that involve advance consideration paid or received in a foreign currency and the recognition of a non-monetary asset or non-monetary liability. The interpretation specifies that the date of the transaction for the purpose of determining the exchange rate to use on initial recognition of the related asset, expense or income (or part thereof) is the date on which the entity initially recognises the non-monetary asset or non-monetary liability arising from the payment or receipt of advance consideration.

IFRIC 23 — Uncertainty over Income Tax Treatments

The interpretation supports the requirements of IAS 12 "Income Taxes" by providing guidance over how to reflect the effects of uncertainty in accounting for income taxes. Under the interpretation, the entity shall determine whether to consider each uncertain tax treatment separately or together based on which approach better predicts the resolution of the uncertainty. The entity shall also assume the tax authority will examine amounts that it has a right to examine and have full knowledge of all related information when making those examinations. If the entity determines it is probable that the tax authority will accept an uncertain tax treatment, then the entity should measure current and deferred tax in line with its tax filings. If the entity determines it is not probable, then the uncertainty in the determination of tax is reflected using either the "most likely amount" or the "expected value" approach, whichever better predicts the resolution of the uncertainty.

Amendments to IFRS 10 and IAS 28 — Sale or Contribution of Assets between an Investor and its Associate or Joint Venture

The amendments clarify the extent of gains or losses to be recognised when an entity sells or contributes assets to its associate or joint venture. When the transaction involves a business, the gain or loss is recognised in full; conversely when the transaction involves assets that do not constitute a business, the gain or loss is recognised only to the extent of the unrelated investors' interests in the joint venture or associate.

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.

Notes to the Financial Statements

For the year ended 31 December 2017

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

(a) Basis of preparation

The consolidated financial statements have been prepared under historical cost convention except for certain financial instruments classified as available-for-sale investments and at fair value through profit or loss, which are measured at fair value. The significant accounting policies that have been used in the preparation of these financial statements are summarised below. These policies have been consistently applied to all the years presented unless otherwise stated. The adoption of new or revised IFRSs and the impacts on the financial statements, if any, are disclosed in Note 2.

It should be noted that accounting estimates and assumptions are used in preparation of the financial statements. Although these estimates are based on management's best knowledge and judgment of current events and actions, actual results may ultimately differ from those estimates. The areas involving a higher degree of judgment or complexity, or areas where assumptions and estimates are significant to the financial statements, are set out in Note 4.

(b) Business combination and basis of consolidation

The consolidated financial statements comprise the financial statements of the Company and its subsidiaries. Inter-company transactions and balances between group companies together with unrealised profits are eliminated in full in preparing the consolidated financial statements. Unrealised losses are also eliminated unless the transaction provides evidence of impairment on the asset transferred, in which case the loss is recognised in profit or loss.

The results of subsidiaries acquired or disposed of during the year are included in the consolidated statement of profit or loss from the effective dates of acquisition or up to the effective dates of disposal, as appropriate. Where necessary, adjustments are made to the financial statements of subsidiaries to bring their accounting policies into line with those used by other members of the Group.

Acquisition of subsidiaries or businesses is accounted for using acquisition method. The cost of an acquisition is measured at the aggregate of the acquisition-date fair value of assets transferred, liabilities incurred and equity interests issued by the Group, as the acquirer. The identifiable assets acquired and liabilities assumed are principally measured at acquisition-date fair value. The Group's previously held equity interest in the acquiree is re-measured at acquisition-date fair value and the resulting gains or losses are recognised in profit or loss. The Group may elect, on a transaction-by-transaction basis, to measure non-controlling interests that represent present ownership interests in the subsidiary either at fair value or at the proportionate share of the acquiree's identifiable net assets. All other non-controlling interests are measured at fair value unless another measurement basis is required by IFRSs. Acquisition-related costs incurred are expensed unless they are incurred in issuing equity instruments in which case the costs are deducted from equity.

Notes to the Financial Statements

For the year ended 31 December 2017

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(b) Business combination and basis of consolidation (continued)

Any contingent consideration to be transferred by the acquirer is recognised at acquisition-date fair value. Subsequent adjustments to consideration are recognised against goodwill only to the extent that they arise from new information obtained within the measurement period (a maximum of 12 months from the acquisition date) about the fair value at the acquisition date. All other subsequent adjustments to contingent consideration classified as an asset or a liability are recognised in profit or loss.

Changes in the Group's interests in subsidiaries that do not result in a loss of control are accounted for as equity transactions. The carrying amounts of the Group's interest and the non-controlling interest are adjusted to reflect the changes in their relative interests in the subsidiaries. Any difference between the amount by which non-controlling interest is adjusted and the fair value of the consideration paid or received is recognised directly in equity and attributed to owners of the Company.

When the Group loses control of a subsidiary, the profit or loss on disposal is calculated as the difference between (i) the aggregate of the fair value of the consideration received and the fair value of any retained interest and (ii) the previous carrying amount of the assets (including goodwill), and liabilities of the subsidiary and any non-controlling interest. Amounts previously recognised in other comprehensive income in relation to the subsidiary are accounted for in the same manner as would be required if the relevant assets or liabilities were disposed of.

Subsequent to acquisition, the carrying amount of non-controlling interest that represents present ownership interests in the subsidiary is the amount of those interests at initial recognition plus such non-controlling interest's share of subsequent changes in equity. Total comprehensive income is attributed to such non-controlling interests even if this results in non-controlling interest having a deficit balance.

Notes to the Financial Statements

For the year ended 31 December 2017

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(c) Subsidiaries

A subsidiary is an investee over which the Company is able to exercise control. The Company controls an investee if all three of the following elements are present: power over the investee, exposure, or rights, to variable returns from the investee, and the ability to use its power to affect those variable returns. Control is reassessed whenever facts and circumstances indicate that there may be a change in any of these elements of control.

De-facto control exists in situations where the Company has the practical ability to direct the relevant activities of the investee without holding the majority of the voting rights. In determining whether de-facto control exists the Company considers all relevant facts and circumstances, including:

– the size of the Company's voting rights relative to both the size and dispersion of other parties who hold voting rights;

– substantive potential voting rights held by the Company and other parties who hold voting rights;

– other contractual arrangements; and

– historic patterns in voting attendance.

In the Company's statement of financial position, interests in subsidiaries are stated at cost less impairment loss, if any. The results of subsidiaries are accounted for by the Company on the basis of dividend received and receivable.

(d) Associates

An associate is an entity over which the Group has significant influence and that is neither a subsidiary nor a joint arrangement. Significant influence is the power to participate in the financial and operating policy decisions of the investee but not control or joint control over those policies.

Associates are accounted for using equity method whereby they are initially recognised at cost and thereafter, their carrying amount are adjusted for the Group's share of the post-acquisition change in the associates' net assets except that losses in excess of the Group's interest in the associate are not recognised unless there is an obligation to make good those losses.

Notes to the Financial Statements

For the year ended 31 December 2017

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(d) Associates (continued)

Profits and losses arising on transactions between the Group and its associates are recognised only to the extent of unrelated investors' interests in the associate. The investor's share in the associate's profit and loss resulting from these transactions is eliminated against the carrying value of the associate. Where unrealised losses provide evidence of impairment of the asset transferred they are recognised immediately in profit or loss.

Any premium paid for an associate above the fair value of the Group's share of the identifiable assets, liabilities and contingent liabilities acquired is capitalised and included in the carrying amount of the associate. Where there is objective evidence that the investment in an associate has been impaired, the carrying amount of the investment is tested for impairment in the same way as other non-financial assets.

(e) Property, plant and equipment

(i) Measurement bases

Leasehold land and buildings

The land and building elements of a lease of land and buildings are considered separately for the purpose of lease classification, unless the lease payments cannot be allocated reliably between the land and building elements, in which case, the entire lease is generally treated as a finance lease and accounted for as property, plant and equipment.

Property, plant and equipment are stated at cost less accumulated depreciation and impairment losses. The cost of an asset comprises its purchase price and any directly attributable costs of bringing the asset to the working condition and location for its intended use. Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably. All other costs, such as repairs and maintenance, are charged to profit or loss during the financial period in which they are incurred.

Gain or loss arising from retirement or disposal is determined as the difference between the sales proceeds and the carrying amount of the assets, and is recognised in profit or loss.

Notes to the Financial Statements

For the year ended 31 December 2017

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(e) Property, plant and equipment (continued)

(ii) Depreciation

Depreciation is provided to write off the costs less their estimated residual values over their estimated useful lives, using straight-line method, at the following rates per annum:

Leasehold land and buildings	2% or over the term of the lease, whichever is shorter
Plant and machinery	15%
Computer hardware and software	33 $^{1}/_{3}$%
Furniture and fixtures	20%
Leasehold improvements	20% or over the term of the lease, whichever is shorter
Office equipment	33 $^{1}/_{3}$%
Motor vehicle	20%

The assets' estimated residual values, depreciation method and estimated useful lives are reviewed, and adjusted if appropriate, at each reporting date.

(f) Leases

An arrangement, comprising a transaction or a series of transactions, is or contains a lease if the Group determines that the arrangement conveys a right to use a specific asset or assets for an agreed period of time in return for a payment or a series of payments. Such a determination is made based on an evaluation of the substance of the arrangement and is regardless of whether the arrangement takes the legal form of a lease.

(i) Classification of assets leased to the Group

Assets that are held by the Group under leases which transfer to the Group substantially all the risks and rewards of ownership are classified as being held under finance leases. Leases which do not transfer substantially all the risks and rewards of ownership to the Group are classified as operating leases.

(ii) The Group as lessee

Where the Group has the rights to use of assets held under operating leases, payments made under the leases are charged to profit or loss on a straight-line method over the lease terms except where an alternative basis is more representative of the time pattern of benefits to be derived from the leased assets. Lease incentives received are recognised in the statement of profit or loss as an integral part of the aggregate net lease payments made. Contingent rentals are charged to profit or loss in the accounting period in which they are incurred.

Notes to the Financial Statements

For the year ended 31 December 2017

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(g) Foreign currencies

The financial statements are presented in Hong Kong Dollars ("HK$") and all balances are expressed in thousands, which is also the functional currency of the Company.

In the individual financial statements of the consolidated entities, foreign currency transactions are translated into the functional currency of the individual entity using the exchange rates prevailing at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation of monetary assets and liabilities denominated in foreign currencies at year-end exchange rates are recognised in profit or loss.

Non-monetary items carried at fair value that are denominated in foreign currencies are retranslated at the rates prevailing on the date when the fair value was determined and are reported as part of the fair value gain or loss. Non-monetary items that are measured at historical cost in a foreign currency are not retranslated.

In the consolidated financial statements, all individual financial statements of foreign operations originally presented in a currency different from the Group's presentation currency, have been converted into HK$. Assets and liabilities have been translated into HK$ at the closing rates at the reporting date. Income and expenses have been converted into HK$ at the exchange rates ruling at the transaction dates, or at the average rates over the reporting period provided that the exchange rates do not fluctuate significantly. Any differences arising from this procedure have been recognised in other comprehensive income and accumulated separately in the foreign exchange reserve in equity. Goodwill and fair value adjustments arising on the acquisition of a foreign operation have been treated as assets and liabilities of the foreign operation and translated into HK$ at the closing rates.

When a foreign operation is sold, such exchange differences are reclassified from equity to profit or loss as part of the gain or loss on sale.

Notes to the Financial Statements

For the year ended 31 December 2017

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(h) Financial instruments

Financial assets and financial liabilities are recognised when, and only when, the Group becomes a party to the contractual provisions of the instrument. Financial assets and financial liabilities are initially measured at fair value. Transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities (other than financial assets and financial liabilities at fair value through profit or loss) are added to or deducted from the fair value of the financial assets or financial liabilities, as appropriate, on initial recognition. Transaction costs directly attributable to the acquisition of financial assets or financial liabilities at fair value through profit or loss are recognised immediately in profit or loss.

(i) Financial assets

The Group classifies its financial assets other than hedging instruments into one of the following categories: financial assets at fair value through profit or loss, available-for-sale investments and loans and receivables. Regular way purchases or sales of financial assets are recognised on trade date. Management determines the classification of its financial assets at initial recognition depending on the purpose for which the financial assets were acquired and where allowed and appropriate, re-evaluates this designation at every reporting date. The accounting policies adopted for each category are set out below.

Financial assets at fair value through profit or loss

These include financial assets held for trading and financial assets designated upon initial recognition at fair value through profit or loss. Financial assets are classified as held for trading if they are acquired for the purpose of selling in the near term, or it is part of a portfolio of identified financial instruments that are managed together and for which there is evidence of a recent pattern of short-term profit-taking. Derivatives, including separated embedded derivatives are also classified as held for trading unless they are designated as effective hedging instruments or financial guarantee contracts.

Where a contract contains one or more embedded derivatives, the entire hybrid contract may be designated as a financial asset at fair value through profit or loss, except where the embedded derivative does not significantly modify the cash flows or it is clear that separation of the embedded derivative is prohibited.

Notes to the Financial Statements

For the year ended 31 December 2017

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(h) Financial instruments (continued)

(i) Financial assets (continued)

Financial assets at fair value through profit or loss (continued)

Financial assets may be designated at initial recognition as at fair value through profit or loss if the following criteria are met:

– the designation eliminates or significantly reduces the inconsistent treatment that would otherwise arise from measuring the assets or recognising gains or losses on them on a different basis; or

– the assets are part of a group of financial assets which are managed and their performance is evaluated on a fair value basis, in accordance with a documented risk management strategy and information about the group of financial assets is provided internally on that basis to the key management personnel; or

– the financial asset contains an embedded derivative that would need to be separately recorded.

Subsequent to initial recognition, financial assets in this category are measured at fair value with changes in fair value recognised in profit or loss. Fair value is determined by reference to active market transactions or using a valuation technique where no active market exists. Fair value gain or loss does not include any dividend or interest earned on these financial assets. Dividend and interest income is recognised in accordance with the Group's policies in Note 3(n).

Available-for-sale investments

These include non-derivative financial assets that do not qualify for inclusion in any of the other categories of financial assets. All financial assets within this category are subsequently measured at fair value. Gain or loss arising from a change in fair value, excluding any dividend and interest income, is recognised in other comprehensive income and accumulated separately in investment revaluation reserve in equity, except for impairment loss and foreign exchange gain and loss on monetary assets, until the financial asset is derecognised, at which time the cumulative gain or loss previously recognised in equity is reclassified from equity to profit or loss. Interest calculated using effective interest method is recognised in profit or loss.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(h) Financial instruments (continued)

(i) Financial assets (continued)

Available-for-sale investments (continued)

The fair value of available-for-sale monetary assets denominated in a foreign currency is determined in that foreign currency and translated at the spot rate at the reporting date. Change in fair value attributable to translation differences that result from a change in amortised cost of the asset is recognised in profit or loss, and other changes are recognised in other comprehensive income.

When a decline in the fair value of an available-for-sale investment has been recognised in other comprehensive income and accumulated in equity and there is objective evidence that the asset is impaired, an amount is removed from equity and recognised in profit or loss as an impairment loss. That amount is measured as the difference between the asset's acquisition cost (net of any principal repayment and amortisation) and current fair value, less any impairment loss on that asset previously recognised in profit or loss.

Reversals of impairment losses in respect of investments in equity instruments classified as available-for-sale and stated at fair value are not recognised in profit or loss. The subsequent increase in fair value is recognised in the other comprehensive income.

For available-for-sale equity investments that do not have a quoted market price in an active market and whose fair value cannot be reliably measured and derivatives that are linked to and must be settled by delivery of such unquoted equity instruments, they are measured at cost less any identified impairment losses at each reporting date subsequent to initial recognition. Such impairment loss will not reverse in subsequent periods.

Embedded derivatives

Derivatives embedded in non-derivative host contracts are treated as separate derivatives when they meet the definition of a derivative, their risks and characteristics are not closely related to those of the host contracts and the host contracts are not measured at fair value through profit or loss.

Derivative component in convertible bond

Derivative component in convertible bond is initially recognised at fair value and is classified separately into respective items on initial recognition. This is subsequently remeasured at fair value at the end of the reporting period with resulting gain or loss recognised in profit or loss immediately.

Notes to the Financial Statements

For the year ended 31 December 2017

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(h) Financial instruments (continued)

(i) Financial assets (continued)

Loans and receivables

These are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. These are subsequently measured at amortised cost using effective interest method, less any impairment losses. Amortised cost is calculated taking into account any discount or premium on acquisition and includes fees that are an integral part of the effective interest rate and transaction cost.

Impairment losses on loans and receivables are provided for when objective evidence is received that the Group will not be able to collect amounts due to it in accordance with the original terms of the receivables. The amount of loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows, excluding future credit losses that have not been incurred, discounted at the financial asset's original effective interest rate (i.e. the effective interest rate computed at initial recognition). The amount of loss is recognised in profit or loss for the period in which impairment occurs.

Objective evidence of impairment of individual financial assets includes observable data that comes to the attention of the Group about one or more of the following loss events:

– significant financial difficulty of the debtor;

– a breach of contract, such as default or delinquency in interest or principal payments;

– it becoming probable that the debtor will enter bankruptcy or other financial reorganisation; and

– significant changes in the technological, market, economic or legal environment that have an adverse effect on the debtor.

Loss events in respect of a group of financial assets include observable data indicating that there is a measurable decrease in the estimated future cash flows from the group of financial assets. Such observable data includes but not limited to adverse changes in the payment status of debtors in the group and, national or local economic conditions that correlate with defaults on the assets in the group.

If, in subsequent period, the amount of impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognised, the previously recognised impairment loss is reversed to the extent that it does not result in a carrying amount of the financial asset exceeding what the amortised cost would have been had impairment not been recognised at the date the impairment is reversed. The amount of the reversal is recognised in profit or loss in the period in which the reversal occurs.

Notes to the Financial Statements

For the year ended 31 December 2017

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(h) Financial instruments (continued)

(ii) Financial liabilities and equity

These instruments issued by the Group are classified according to the substance of the contractual arrangements entered into and the definitions of a financial liability and an equity instrument. An equity instrument is any contract that evidences a residual interest in the assets of the Group after deducting all of its liabilities. The accounting policies adopted in respect of financial liabilities and equity instruments are set out below.

Financial liabilities at fair value through profit or loss

These include embedded derivatives which have been separated from their host contracts and financial liabilities that are designated by the Group to be carried at fair value through profit or loss upon initial recognition.

Where a contract contains one or more embedded derivatives, the entire hybrid contract may be designated as a financial liability at fair value through profit or loss, except where the embedded derivative does not significantly modify the cash flows or it is clear that separation of the embedded derivative is prohibited.

Financial liabilities may be designated at initial recognition as at fair value through profit or loss if the following criteria are met:

– the designation eliminates or significantly reduces the inconsistent treatment that would otherwise arise from measuring the liabilities or recognising gains or losses on them on a different basis; or

– the liabilities are part of a group of financial liabilities which are managed and their performance evaluated on a fair value basis, in accordance with a documented risk management strategy; or

– the financial liability contains an embedded derivative that would need to be separately recorded.

Subsequent to initial recognition, financial liabilities in this category are measured at fair value with changes in fair value recognised in profit or loss. Financial liabilities originally designated as financial liabilities at fair value through profit or loss may not subsequently be reclassified.

Notes to the Financial Statements

For the year ended 31 December 2017

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(h) Financial instruments (continued)

(ii) Financial liabilities and equity (continued)

Convertible bonds

Convertible bonds contain liability and conversion option derivative

Convertible bonds issued by the Group that contain both liability and conversion option components are classified separately into their respective items on initial recognition. Conversion option that will be settled other than by the exchange of a fixed amount of cash or another financial asset for a fixed number of the Company's own equity instruments is a conversion option derivative. At the date of issue, the conversion option derivative is recognised at fair value. Any excess of proceeds over the amount initially recognised as the derivative component is recognised as liability.

In subsequent periods, the liability component of convertible bonds is carried at amortised cost using effective interest method, until extinguished on conversion or maturity. The conversion option derivative is measured at fair value with changes in fair value recognised in profit or loss.

When the bonds are converted, the carrying amount of the liability portion together with the fair value of the conversion derivative at the time of conversion are transferred to share capital and share premium as consideration for the shares issued. When the bonds are redeemed, the difference between the redemption amount and the carrying amounts of both components is recognised in profit or loss.

Convertible bonds contain liability and equity components

Convertible bonds issued by the Group that contain both the liability and conversion option components are classified separately into their respective items on initial recognition. Conversion option that will be settled by the exchange of a fixed amount of cash or another financial asset for a fixed number of the Company's own equity instruments is classified as an equity instrument.

On initial recognition, the fair value of the liability component is determined using the prevailing market interest of similar non-convertible debts. The difference between the proceeds of the issue of the convertible loan notes and the fair value assigned to the liability component, representing the conversion option for the holder to convert the loan notes into equity, is included in convertible bonds equity reserve.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(h) Financial instruments (continued)

(ii) Financial liabilities and equity (continued)

Convertible bonds (continued)

Convertible bonds contain liability and equity components (continued)

In subsequent periods, the liability component of the convertible loan notes is carried at amortised cost using effective interest method. The equity component, represented by the option to convert the liability component into ordinary shares of the Company, will remain in convertible bonds equity reserve until the embedded option is exercised (in which case the balance stated in convertible bonds equity reserve will be transferred to share capital and share premium. Where the option remains unexercised at the expiry dates, the balance stated in convertible bonds equity reserve will be released to the accumulated losses. No gain or loss is recognised upon conversion or expiration of the option.

Transaction costs that relate to the issue of the bonds are allocated amongst the liability component and the equity/conversion option derivative in proportion to the allocation of the proceeds. Transaction costs relating to the equity component are charged directly to equity. Transaction costs relating to the liability component are included in the carrying amount of the liability portion and amortised over the period of the bonds using effective interest method. Transaction costs relating to the conversion option derivative are expensed as incurred.

Redeemable convertible preference shares

Redeemable convertible preference shares issued by the Group that contain both liability and conversion option components are classified separately into their respective items on initial recognition. Conversion option that will be settled other than by the exchange of a fixed amount of cash or another financial asset for a fixed number of the Company's own equity instruments is a conversion option derivative. At the date of issue, the conversion option derivative is recognised at fair value. Any excess of proceeds over the amount initially recognised as the derivative component is recognised as liability.

Preference shares, which are redeemable on a specific date or at the option of the shareholders, are classified as liabilities.

Notes to the Financial Statements

For the year ended 31 December 2017

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(h) Financial instruments (continued)

(ii) Financial liabilities and equity (continued)

Redeemable convertible preference shares (continued)

In subsequent periods, the liability component is carried at amortised cost using effective interest method, until extinguished on conversion or maturity. The conversion option derivative is measured at fair value with changes in fair value recognised in profit or loss.

When the preference shares are converted, the carrying amount of the liability portion together with the fair value of the conversion derivative at the time of conversion are transferred to share capital and share premium as consideration for the shares issued. When the preference shares are redeemed, the difference between the redemption amount and the carrying amounts of both components is recognised in profit or loss.

Transaction costs that relate to the issue of the redeemable convertible preference shares are allocated to the liability and conversion option components in proportion to the allocation of proceeds. Transaction costs relating to the conversion option derivative is recognised in profit or loss immediately. Transaction costs relating to the liability component are included in the carrying amount of the liability portion and amortised over the period of the preference shares using effective interest method.

Other financial liabilities

Other financial liabilities include trade and other payables and accrued charges are recognised initially at fair value and subsequently measured at amortised cost, using effective interest method.

Equity instruments

Equity instruments issued by the Company are recorded at the proceeds received, net of direct issue costs.

Borrowings

Interest-bearing loans and overdrafts are initially recognised at fair value, and are subsequently measured at amortised cost, using effective interest method. Any difference between the proceeds (net of transaction costs) and the settlement of redemption of borrowings is recognised over the term of the borrowings in accordance with the Group's accounting policy for borrowing costs as set out in Note 3(o).

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(h) Financial instruments (continued)

(iii) Derecognition

The Group derecognises a financial asset when the contractual rights to the future cash flows in relation to the financial asset expire or when the financial asset has been transferred and the transfer meets the criteria for derecognition in accordance with IAS 39.

Financial liabilities are derecognised when the obligation specified in the relevant contract is discharged, cancelled or expires.

Where the Group issues its own equity instruments to a creditor to settle a financial liability in whole or in part as a result of renegotiating the terms of that liability, the equity instruments issued are the consideration paid and are recognised initially and measured at their fair value on the date the financial liability or part thereof is extinguished. If the fair value of the equity instruments issued cannot be reliably measured, the equity instruments are measured to reflect the fair value of the financial liability extinguished. The difference between the carrying amount of the financial liability or part thereof extinguished and the consideration paid is recognised in profit or loss for the year.

(i) Inventories

Inventories are initially recognised at cost, and subsequently at the lower of cost and net realisable value. Cost is determined on the actual basis and comprises invoiced value of purchases, freight and other costs incurred in bringing the inventories to their present location and condition. Net realisable value represents the estimated selling price in the ordinary course of business less the estimated costs necessary to make the sale.

(j) Cash and cash equivalents

For the purpose of the consolidated statement of cash flows, cash and cash equivalents comprise cash in hand and demand deposits, and short term highly liquid investments that are readily convertible into known amounts of cash, are subject to an insignificant risk of changes in value and have a short maturity of generally within three months when acquired, less bank overdrafts which are payable on demand and form an integral part of the Group's cash management.

For the purpose of the statement of financial position, cash and cash equivalents comprise cash in hand and at banks, including short-term bank deposits, and assets similar in nature to cash, which are not restricted as to use.

Notes to the Financial Statements

For the year ended 31 December 2017

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(k) Intangible assets

(i) Goodwill

Goodwill is initially recognised at cost being the excess of the aggregate of the consideration transferred, the amount recognised for non-controlling interests in the acquiree and the acquisition date fair value of the acquirer's previously held equity interest in the acquiree over the fair value of identifiable assets and liabilities acquired.

Where the fair value of identifiable assets and liabilities exceed the fair value of consideration paid, the amount of any non-controlling interest in the acquiree and the acquisition date fair value of the acquirer's previously held equity interest in the acquiree, the excess is recognised in profit or loss on the acquisition date, after re-assessment.

Goodwill is measured at cost less impairment losses. For the purpose of impairment testing, goodwill arising from acquisition is allocated to each of the relevant cash-generating units ("CGUs") that are expected to benefit from the synergies of the acquisition. A CGU is the smallest identifiable group of asset that generates cash flows that are largely independent of the cash inflows from other assets or groups of assets. A CGU to which goodwill has been allocated is tested for impairment annually, by comparing its carrying amount with its recoverable amount (see Note 3(l)) and whenever there is an indication that the unit may be impaired.

For goodwill arising from an acquisition in a financial year, the CGU to which goodwill has been allocated is tested for impairment before the end of that financial year. When the recoverable amount of the CGU is less than the carrying amount of the unit, impairment loss is allocated to reduce the carrying amount of any goodwill allocated to the unit first, and then to the other assets of the unit pro-rata on the basis of the carrying amount to each asset in the unit. However, the loss allocated to each asset will not reduce the individual asset's carrying amount to below its fair value less cost of disposal (if measurable) or its value in use (if determinable), whichever is the higher. Any impairment loss for goodwill is recognised in profit or loss and is not reversed in subsequent periods.

Notes to the Financial Statements

For the year ended 31 December 2017

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(k) Intangible assets (continued)

(ii) Acquired intangible assets

Intangible assets acquired separately are initially recognised at cost. The cost of intangible assets acquired in a business combination is the fair value at the date of acquisition. Subsequently, intangible assets with finite useful lives are carried at cost less accumulated amortisation and any impairment losses.

Amortisation is recognised in profit or loss and is provided on straight-line method over their estimated useful lives as follows. Non-compete agreements are amortised on a straight-line basis over the respective terms of agreements. Intangible assets with indefinite useful lives are carried at cost less any impairment losses.

Trademarks	20 years
Intellectual property	5 years
Mobile games	2 years
Distribution network	3 years
Online music streaming app	3 years
Non-compete agreements of mobile game business	5 years
Know-how	10 years
Non-compete agreement of health technology business	3 years
Mobile game license	3 years

Club membership with indefinite life is carried at cost less any subsequent accumulated impairment losses.

(iii) Impairment

Intangible assets with finite lives are tested for impairment when there is an indication that an asset may be impaired. Intangible assets with indefinite useful lives and intangible assets not yet available for use are tested for impairment annually, irrespective of whether there is any indication that they may be impaired. Intangible assets are tested for impairment by comparing their carrying amounts with their recoverable amounts (see Note 3(l)).

If the recoverable amount of an asset is estimated to be less than its carrying amount, the carrying amount of the asset is reduced to its recoverable amount. An impairment loss is recognised as an expense immediately.

When an impairment loss subsequently reverses, the carrying amount of the asset is increased to the revised estimate of its recoverable amount; however, the carrying amount should not be increased above the lower of its recoverable amount and the carrying amount that would have resulted had no impairment loss been recognised for the asset in prior years. All reversals are recognised in profit or loss immediately.

Notes to the Financial Statements

For the year ended 31 December 2017

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(l) Impairment of assets (other non-financial assets)

At the end of the reporting period, the Group reviews the carrying amounts of its property, plant and equipment, interests in subsidiaries and an associate to determine whether there is any indication that those assets have suffered an impairment loss or an impairment loss previously recognised no longer exists or may have decreased.

If the recoverable amount (i.e. the greater of the fair value less costs to disposal and value in use) of an asset is estimated to be less than its carrying amount, the carrying amount of the asset is reduced to its recoverable amount. Impairment loss is recognised as an expense immediately.

Where an impairment loss subsequently reverses, the carrying amount of the asset is increased to the revised estimate of its recoverable amount, to the extent that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset in prior years. A reversal of an impairment loss is recognised as income immediately.

Value in use is based on the estimated future cash flows expected to be derived from the asset or CGU (see Note 3(k)(i)), discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset or CGU.

(m) Income taxes

Income tax for the year comprises current tax and deferred tax.

Current tax is based on profit or loss from ordinary activities adjusted for items that are non-assessable or disallowable for income tax purposes and is calculated using tax rates that have been enacted or substantively enacted at the end of the reporting period.

Deferred tax is recognised in respect of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the corresponding amounts used for tax purposes. Except for goodwill and recognised assets and liabilities that affect neither accounting nor taxable profits, deferred tax liabilities are recognised for all taxable temporary differences. Deferred tax assets are recognised to the extent that it is probable that taxable profits will be available against which deductible temporary differences can be utilised. Deferred tax is measured at the tax rates appropriate to the expected manner in which the carrying amount of the asset or liability is realised or settled and that have been enacted or substantively enacted at the end of the reporting period.

Notes to the Financial Statements

For the year ended 31 December 2017

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(m) Income taxes (continued)

Deferred tax liabilities are recognised for taxable temporary differences arising on interests in subsidiaries and an associate, except where the Group is able to control the reversal of the temporary difference and it is probable that the temporary difference will not reverse in foreseeable future.

Income taxes are recognised in profit or loss except when they relate to items recognised in other comprehensive income in which case the taxes are also recognised in other comprehensive income or when they relate to items recognised directly in equity in which case the taxes are also recognised directly in equity.

(n) Revenue recognition

Revenue, which is the fair value of consideration received or receivable, is recognised when it is probable that economic benefits will flow to the Group, when the revenue and costs, if applicable, can be measured reliably, on the following bases:

– Revenue from sales of goods is recognised, net of discounts and returns, on transfer of risks and rewards of ownership, which is at the time of delivery and the title is passed to customers.

– Revenue from sales of food and beverage is recognised, net of discounts, in profit or loss at the point of sale to customers.

– Revenue from sales of in-app purchase items is recognised on individual transaction basis upon the successful download of the in-app purchase items.

– Advertising and marketing income are recognised when services are rendered or substantially performed in accordance with the terms of the contract.

Notes to the Financial Statements

For the year ended 31 December 2017

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(n) Revenue recognition (continued)

– Revenue from game publishing services is recognised as follows:

The Group is engaged in the provision of mobile game publishing services through cooperation with upstream game developers, downstream platforms and third party payment vendors to paying players. The Group publishes third party developers' games on its own and third party platforms.

The Group's game publishing service income is pre-determined according to the relevant terms entered into between the Group and the licensor of the game. The games published on the platforms are hosted, maintained and updated by the licensor of the game, and the Group mainly provides access to the platforms and after-sale basic technical support to the paying players. The Group has evaluated and determined it is not the primary obligors in the services rendered to the paying players. Accordingly, the Group records its revenue, net of portion of sharing of revenues with the game developers when the paying players purchase in-game virtual items from the relevant mobile games.

– Concession stores income is accrued as earned on the basis of the terms of relevant concession agreements, which is on the basis of a minimum payment and a variable amount based on turnover.

– Subscription fee income is recognised when services are rendered or substantially performed in accordance with terms of the contract, net of discounts.

– Interest income from financial asset is recognised when it is probable that the economic benefits will flow to the Group and the amount can be measured reliably. Interest income is accrued on time basis, by reference to the principal outstanding and at the effective interest rate applicable, which is the rate that exactly discounts the estimated future cash receipts through the expected life of the financial asset to that asset's net carrying amount on initial recognition.

– Real-time video streaming income is recognised from the sales of online services when the services are rendered.

– Dividend income is recognised when the right to receive payment is established.

(o) Borrowing costs

Borrowing costs attributable directly to the acquisition, construction or production of qualifying assets which require a substantial period of time to be ready for their intended use or sale, are capitalised as part of the cost of those assets. Income earned on temporary investments of specific borrowings pending their expenditure on those assets is deducted from borrowing costs capitalised. All other borrowing costs are recognised in profit or loss in the period in which they are incurred.

Notes to the Financial Statements

For the year ended 31 December 2017

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(p) Employee benefits

(i) Employee leave entitlements

Employee entitlements to long service payment and annual leave are recognised when they accrue to employees. Provision is made for the estimated liabilities for long service payment and annual leave as a result of services rendered by employees up to the reporting date.

Non-accumulating compensated absences are not recognised until the time of leave.

(ii) Retirement benefit schemes

The Group participates in the following retirement benefit schemes and pays contributions to independently administered funds on a mandatory or contractual basis. Assets of these schemes are held separately from those of the Group in independently administered funds. The retirement benefit schemes are generally funded by payments from employees and by the relevant Group companies. The Group has no further payment obligations once the contributions have been paid. The contributions are recognised as employee benefit expense on accrual basis.

All eligible employees have participated in the Mandatory Provident Fund Scheme ("MPF Scheme") in Hong Kong. Under the MPF Scheme, contributions are made based on a percentage of the employees' basic salaries and are charged to profit or loss as they become payable in accordance with the rules of the MPF Scheme. There is no voluntary contribution from the Group nor the employees and there are no other legal or constructive obligations to the Group.

The employees of the Group's subsidiaries operating in the People's Republic of China (the "PRC") are required to participate in a central pension scheme operated by the local municipal government. The subsidiaries are required to contribute a percentage of their payroll costs to the central pension scheme. The contributions are charged to profit or loss as they become payable in accordance with the rules of the central pension scheme.

The employees of the Group's subsidiary operating in Japan are required to participate in a defined contribution retirement plan to which the contributions are calculated as a percentage of employees' basic salaries. The retirement benefit plan cost charged to profit or loss represents contribution payable by the Group to the fund.

The employees of the Group's subsidiary operating in Israel are included in an arrangement based on Section 14 of the Israeli Severance Compensation Law ("Section 14"). The subsidiary is required to contribute a percentage of their payroll costs to a pension plan. The contributions are charged to profit or loss as they become payable in accordance with the rules of Section 14.

Notes to the Financial Statements

For the year ended 31 December 2017

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(p) Employee benefits (continued)

(iii) Share-based compensation

All share-based payment arrangements granted are recognised in the financial statements. The Group operates equity-settled share-based compensation plans to remunerate its employees, consultants and directors.

All services received in exchange for the grant of any share-based compensation are measured at their fair values. These are indirectly determined by reference to the fair value of the share options awarded. Their value is appraised at the grant date and excludes the impact of any non-market vesting conditions.

All share-based compensation is ultimately recognised as an expense in profit or loss unless it qualifies for recognition as asset, with a corresponding credit to share-based compensation reserve in equity. If vesting periods or other vesting conditions apply, the expense is allocated over the vesting period, based on the best available estimate of the number of share options expected to vest. Non-market vesting conditions are included in assumptions about the number of options that are expected to become exercisable. Estimates are subsequently revised, if there is any indication that number of share options expected to vest differs from previous estimates. No adjustment to expense recognised in prior periods is made if fewer share options ultimately are exercised than vested.

Upon exercise of share options, the proceeds received net of any directly attributable transaction costs up to the nominal value of the shares issued are allocated to share capital and the amount previously recognised in share-based compensation reserve is transferred out with any excess being recorded as share premium.

When the share options have vested and then lapsed, the amount previously recognised in the share-based compensation reserve is transferred to the accumulated losses.

(iv) Short term employee benefits

These are employee benefits (other than termination benefits) that are expected to be settled wholly before twelve months after the end of the annual reporting period in which the employees render the related service. Short term employee benefits are recognised in the year when the employees render the related service.

(v) Bonus plans

The Group recognises a liability and an expense for bonuses where contractually obliged or where there is a past practice that has created a constructive obligation.

(vi) Termination benefits

These are recognised on the earlier of when the Group can no longer withdraw the offer of those benefits and when the Group recognises restructuring costs involving the payment of termination benefits.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(q) Provisions and contingent liabilities

Provisions are recognised when the Group has a present obligation (legal or constructive) as a result of a past event, and it is probable that an outflow of economic benefits will be required to settle the obligation and a reliable estimate of the amount of the obligation can be made. Where the time value of money is material, provisions are stated at the present value of the expenditure expected to settle the obligation.

All provisions are reviewed at each reporting date and adjusted to reflect the current best estimate.

Where it is not probable that an outflow of economic benefits will be required, or the amount cannot be estimated reliably, the obligation is disclosed as a contingent liability, unless the probability of outflow of economic benefits is remote. Possible obligations, whose existence will only be confirmed by the occurrence or non-occurrence of one or more future uncertain events not wholly within control of the Group are also disclosed as contingent liabilities unless the probability of outflow of economic benefits is remote.

(r) Related parties

(a) A person or a close member of that person's family is related to the Group if that person:
  - (i) has control or joint control over the Group;
  - (ii) has significant influence over the Group; or
  - (iii) is a member of key management personnel of the Group or the Company's parent.

(b) An entity is related to the Group if any of the following conditions applies:
  - (i) The entity and the Group are members of the same group (which means that each parent, subsidiary and fellow subsidiary is related to the others).
  - (ii) One entity is an associate or joint venture of the other entity (or an associate or joint venture of a member of a group of which the other entity is a member).
  - (iii) Both entities are joint ventures of the same third party.
  - (iv) One entity is a joint venture of a third entity and the other entity is an associate of the third entity.
  - (v) The entity is a post-employment benefit plan for the benefit of the employees of the Group or an entity related to the Group.
  - (vi) The entity is controlled or jointly controlled by a person identified in (a).
  - (vii) A person identified in (a)(i) has significant influence over the entity or is a member of key management personnel of the entity (or of a parent of the entity).
  - (viii) The entity, or any member of a group of which it is a part, provides key management personnel services to the Group or to the Group's parent.

Notes to the Financial Statements

For the year ended 31 December 2017

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(r) Related parties (continued)

(b) An entity is related to the Group if any of the following conditions applies: (continued)

Close members of the family of a person are those family members who may be expected to influence, or be influenced by, that person in their dealings with the entity and include:

(i) that person's children and spouse or domestic partner;

(ii) children of that person's spouse or domestic partner; and

(iii) dependents of that person or that person's spouse or domestic partner.

(s) Research and development costs

Expenditure on research (or the research phase of an internal project) is recognised as an expense in the period in which it is incurred. An internally-generated intangible asset arising from development activities (or from the development phase of an internal project) is recognised if, and only if, all of the following have been demonstrated:

- the technical feasibility of completing the intangible asset so that it will be available for use or sale;
- the intention to complete the intangible asset and use or sell it;
- the ability to use or sell the intangible asset;
- how the intangible asset will generate probable future economic benefits;
- the availability of adequate technical, financial and other resources to complete the development and to use or sell the intangible asset; and
- the ability to measure reliably the expenditure attributable to the intangible asset during its development.

The amount initially recognised for internally-generated intangible asset is the sum of the expenditure incurred from the date when the intangible asset first meets the recognition criteria listed above. Where no internally generated intangible asset can be recognised, development expenditure is recognised in profit or loss in the period in which it is incurred.

Subsequent to initial recognition, internally-generated intangible asset is measured at cost less accumulated amortisation and accumulated impairment losses (if any), on the same basis as intangible assets that are acquired separately.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(t) Segment information

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

The Group has identified the following reportable operating segments:

(i) Asset management – provision of fund management and asset management.

(ii) Strategic investment – acquiring stakes in companies engaging in among others, healthcare, technology and e-commerce businesses.

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

The chief operating decision makers, which are collectively the two Executive Directors of the Company, assess the performance of the operating segments based on a measure of operating profit. The measurement policies used by the Group for reporting segment results under IFRS 8 are the same as those used in its financial statements prepared under IFRSs, except that:

- fair value loss on financial assets at fair value through profit or loss;
- fair value gain on financial liabilities at fair value through profit or loss;
- depreciation of property, plant and equipment;
- share-based compensation expense;
- finance costs;
- share of losses of associates, net of tax;
- taxation credit; and
- certain other unallocated income and expenses.

are not included in arriving at the operating results of the operating segment.

Segment assets include all assets but exclude certain property, plant and equipment, as well as corporate assets unrelated to the business activities of any operating segment.

Segment liabilities include all liabilities but exclude convertible bonds, deferred tax liabilities and corporate liabilities unrelated to the business activities of any operating segment.

Notes to the Financial Statements

For the year ended 31 December 2017

4. CRITICAL ACCOUNTING ESTIMATES AND JUDGMENTS

Estimates and judgments are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

(i) Critical accounting estimates and assumptions

The Group makes estimates and assumptions concerning the future. The resulting accounting estimates will, by definition, seldom equal the related actual results. The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next accounting year are discussed below:

Valuation of intangible assets and estimated useful lives

The Group has made estimations and assumptions in relation to the potential future cash flows of identifiable intangible assets acquired as part of business combinations. This assessment involves estimations and assumptions relating to potential future revenues, appropriate discount rates and the estimated useful lives of such assets. These estimations and assumptions impact the statement of profit or loss over the estimated useful life of the intangible assets.

Impairment of goodwill and intangible assets

Determining whether goodwill and intangible assets are impaired requires an estimation of the value in use of the CGUs to which goodwill and the intangible assets have been allocated. Value in use calculation requires the Group to estimate the present value of the future cash flows expected to arise from the CGUs containing goodwill and the intangible assets using suitable discount rates. Where the expected future cash flows arising from the relevant CGUs differ from the original estimation, an impairment loss may arise. Details of the recoverable amount calculation and impairment loss made for the year are disclosed in Note 15.

Fair values of financial instruments

Financial instruments such as available-for-sale investments, convertible bonds, financial assets and financial liabilities at fair value through profit or loss are initially measured at fair value. Certain financial instruments as described in Note 3(h) are re-measured at fair value at subsequent reporting dates. The best evidence of fair value is quoted prices in an active market. Where quoted prices are not available for a particular financial instrument, the Group uses the values determined by the internal or external valuation techniques to estimate the fair value. The use of methodologies, models and assumptions in pricing and valuing these financial assets and liabilities requires varying degrees of judgment by management, which may result in different fair values and results. The assumptions with regard to the fair value of available-for-sale investments, convertible bonds, financial assets and financial liabilities at fair value through profit or loss, detailed in Notes 14, 24 and 25 respectively, might cause material adjustments to the carrying amounts of assets and liabilities within the next accounting year.

Notes to the Financial Statements

For the year ended 31 December 2017

4. CRITICAL ACCOUNTING ESTIMATES AND JUDGMENTS (continued)

(i) Critical accounting estimates and assumptions (continued)

Valuations of share options granted

The fair value of share options granted was calculated using the Polynomial Option Pricing Model/ Binomial Option Pricing Model which requires the input of highly subjective assumptions, including the volatility of the share price. Because changes in subjective input assumptions can materially affect the fair value estimate, in the opinion of the Directors of the Company, the existing model will not always necessarily provide a reliable single measure of the fair value of the share options. Details of the inputs are set out in Note 29.

Impairment of assets

The Group conducts impairment reviews of assets when events or changes in circumstances indicate that their carrying amounts may not be recoverable annually in accordance with relevant accounting standards. Impairment loss is recognised when the carrying amount of an asset is lower than the greater of its net selling price or the value in use. In determining the value in use, management assesses the present value of the estimated future cash flows expected to arise from the continuing use of the asset and from its disposal at the end of its useful life. Estimates and judgments are applied in determining these future cash flows and the discount rate.

Impairment of trade and other receivables

Management determines impairment of trade and other receivables on a regular basis. A considerable amount of judgment is required in assessing the ultimate realisation of these receivables, including the current creditworthiness and the past collection history of each debtor. If the financial conditions of its debtors were to deteriorate, resulting in an impairment of their ability to make payments, additional impairment may be required. Further information on the impairment of trade and other receivables is included in Note 19.

Current taxation and deferred taxation

The Group is subject to income taxes in various jurisdictions. Significant judgment is required in determining the amount of the provision for taxation and the timing of payment of the related taxation. Where the final tax outcome is different from the amounts that were initially recorded, such differences will impact the income tax and deferred tax provisions in the periods in which the final tax outcome is determined.

Deferred tax assets relating to certain tax losses will be recognised when management considers it is probable that future taxable profit will be available against which the temporary differences or tax losses can be utilised. Where the expectation is different from the original estimate, such difference will impact, where applicable and appropriate, the recognition of deferred tax assets and taxation in the periods in which such estimate is changed.

Deferred tax liabilities arise when the carrying amounts of the identifiable assets acquired in a business combination are recognised at their fair values at the acquisition date but the tax bases of the assets remain at cost to the previous owner, therefore a taxable temporary difference arises.

Notes to the Financial Statements

For the year ended 31 December 2017

4. CRITICAL ACCOUNTING ESTIMATES AND JUDGMENTS (continued)

(ii) Critical judgments in applying the Group's accounting policies

Control over a subsidiary

On 2 April 2015, the Group has expanded its business in the development, distribution and operating of mobile games ("mobile games"), which is considered to be value-added telecommunications services, a sector where foreign investment is subject to significant restrictions under the PRC laws and regulations. Accordingly, the wholly foreign-owned enterprise within the Group cannot acquire equity interest in the PRC entity, which holds certain licenses and permits required for the operation of mobile games business. As a result, the Group acquired 70% equity interest in Honestway Global Group Limited ("HGGL"), a limited liability company incorporated in the British Virgin Islands, which indirectly owned a wholly foreign-owned enterprise, 深圳八零八八科技有限公司 (Shenzhen 8088 Technology Co., Ltd.* or "SZ8088"), and SZ8088 entered into contractual arrangements ("Contractual Arrangements") with a company with limited liability established in the PRC, 上海威搜游科技有限公司 (Shanghai VSOYOU Technology Co., Ltd.* or "VSOYOU"), and its respective registered shareholders in order to conduct the mobile games business in the PRC and to assert management control over the operation of, and enjoy all economic benefits of VSOYOU.

SZ8088 has entered into a series of Contractual Arrangements between VSOYOU and its respective registered shareholders which enable SZ8088 to:

— exercise effective financial and operating control over VSOYOU;

— exercise equity holders' voting rights of VSOYOU under the proxy agreement;

— receive substantially all of the economic interest returns generated by VSOYOU in consideration for the technology services, marketing services and other services provided by SZ8088 under the exclusive consultancy agreement;

— obtain irrecoverable and exclusive option right to purchase the entire equity interest in VSOYOU from the respective registered shareholders at a minimum purchase price permitted by PRC laws and regulations. SZ8088 may exercise such options at any time until it has acquired all equity interests of VSOYOU;

— obtain a pledge over the entire equity interest of VSOYOU from its respective registered shareholders as collateral security for all of VSOYOU's payments due to SZ8088 and to secure the performance of VSOYOU's obligations under the Contractual Arrangements;

Notes to the Financial Statements

For the year ended 31 December 2017

4. CRITICAL ACCOUNTING ESTIMATES AND JUDGMENTS (continued)

(ii) Critical judgments in applying the Group's accounting policies (continued)

Control over a subsidiary (continued)

— provide interest-free loan facilities of up to an amount to be agreed to the respective registered shareholder who shall only contribute the loan to the registered capital of VSOYOU for the development of the business of VSOYOU under the loan agreement. The loan shall be repaid by way of transfer of the equity interest in VSOYOU held by the respective registered shareholder to SZ8088 or its nominee(s); and

— purchase copyrights in respect of software for the games owned by VSOYOU at a consideration to be determined and settled in cash under the asset purchasing agreement.

The Group does not have any equity interest in VSOYOU. However, as a result of the effective execution of Contractual Arrangements, the Group has rights to variable returns from its involvement with VSOYOU and has the ability to affect those returns through its power over VSOYOU and is considered to control VSOYOU indirectly through SZ8088. Consequently, the Company regarded VSOYOU as its indirect non-wholly owned subsidiary and the Group consolidated the financial position and performance of VSOYOU in the consolidated financial statements since the date of acquisition. 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, a limited liability company incorporated in the British Virgin Islands, at a cash consideration of HK$42,000,000. Since then, VSOYOU is considered to be an indirect wholly-owned subsidiary of the Group. Significant judgments have been exercised by management in assessing and concluding VSOYOU as a subsidiary of the Group.

Further details of the Contractual Arrangements are set out in the Company's announcement dated 1 December 2014 and the circular dated 2 March 2015.

* The English translation of Chinese name of the PRC entities, if any, is included for identification only and should not be regarded as their official English translation.

Power to exercise significant influence

Management has assessed the level of influence that the Group has on certain investments and determined that the Group has significant influence even though the respective shareholding is below 20% because of the board representation. Consequently, these investments have been classified as associates. During the years ended 31 December 2017 and 2016, following the resignation as directors of these investments, the Group was not in a position to exercise significant influence over these investments. These investments have been reclassified as financial assets at fair value through profit or loss/available-for-sale investments accordingly.

For certain investments with equity interests over 20%, management has assessed but there is an absence of any control, jointly control nor exercise significant influence over these companies as the Group did not participate in the financial and operating decisions of these companies during the year. Accordingly the Directors are in the opinion that the investments are not deemed to be associates and accounted for as available-for-sale investments.

Notes to the Financial Statements

For the year ended 31 December 2017

5. SEGMENT INFORMATION

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

	Asset management		Strategic investment		Total	
	2017	2016	**2017**	2016	**2017**	2016
	HK$'000	HK$'000	**HK$'000**	HK$'000	**HK$'000**	HK$'000
Revenue from external customers	**–**	–	**27,939**	206,093	**27,939**	206,093
Total segment (loss)/profit from operations	**(2,439)**	(7,798)	**(75,278)**	591,354	**(77,717)**	583,556
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
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 not allocated					**51,151**	66,230
Depreciation of property, plant and equipment					**(570)**	(849)
Share-based compensation expense					**(15,759)**	(25,073)
Unallocated corporate expenses					**(70,273)**	(84,597)
(Loss)/profit from operations					**(418,230)**	513,130
Finance costs					**(13,493)**	(16,176)
Share of results of associates, net of tax	**–**	–	**(2,313)**	(4,070)	**(2,313)**	(4,070)
(Loss)/profit before taxation					**(434,036)**	492,884
Taxation credit					**6,063**	8,753
(Loss)/profit for the year					**(427,973)**	501,637

There were no inter-segment transactions during the years ended 31 December 2017 and 2016.

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

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

Notes to the Financial Statements

For the year ended 31 December 2017

5. SEGMENT INFORMATION (continued)

	Asset management		Strategic investment		Total	
	2017	2016	**2017**	2016	**2017**	2016
	HK$'000	HK$'000	**HK$'000**	HK$'000	**HK$'000**	HK$'000
Segment assets	**708**	3,697	**1,377,118**	531,682	**1,377,826**	535,379
Interest in an associate	**–**	–	**–**	861,029	**–**	861,029
	708	3,697	**1,377,118**	1,392,711	**1,377,826**	1,396,408
Unallocated property, plant and equipment					**1,953**	252
Unallocated corporate assets					**19,569**	338,215
Total assets					**1,399,348**	1,734,875

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

	Asset management		Strategic investment		Total	
	2017	2016	**2017**	2016	**2017**	2016
	HK$'000	HK$'000	**HK$'000**	HK$'000	**HK$'000**	HK$'000
Segment liabilities	**71**	2,176	**13,451**	20,516	**13,522**	22,692
Convertible bonds					**167,742**	154,743
Deferred tax liabilities					**12,246**	9,150
Unallocated corporate liabilities					**14,182**	32,373
Total liabilities					**207,692**	218,958

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

Notes to the Financial Statements

For the year ended 31 December 2017

5. SEGMENT INFORMATION (continued)

	Asset management		Strategic investment		Total	
	2017	2016	**2017**	2016	**2017**	2016
	HK$'000	HK$'000	**HK$'000**	HK$'000	**HK$'000**	HK$'000
Other segment information						
Additions to non-current assets	**–**	–	**192,767**	1,407,366	**192,767**	1,407,366
Impairment of interest in an associate	**–**	–	**–**	(260,649)	**–**	(260,649)
Depreciation of property, plant and equipment	**–**	–	**(824)**	(5,380)	**(824)**	(5,380)
Income tax (expense)/credit	**–**	–	**(398)**	2,771	**(398)**	2,771

Additions to non-current assets mainly represents additions to property, plant and equipment, investments in convertible bonds and available-for-sale investments.

Geographic information

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

	Revenue from external customers		Specified non-current assets	
	2017	2016	**2017**	2016
	HK$'000	HK$'000	**HK$'000**	HK$'000
Hong Kong (place of domicile)	**10,116**	141,385	**102,038**	1,033,107
The PRC	**17,823**	64,708	**15,126**	4,607
Other Asian countries	**–**	–	**54,900**	11,061
	27,939	206,093	**172,064**	1,048,775

Revenue from two customers of the Group's strategic investment segment amounted to HK$7,970,000, which individually represented more than 10% of the Group's total revenue during the year ended 31 December 2017.

No one single customer contributed more than 10% of the Group's total revenue during the years ended 31 December 2016.

Notes to the Financial Statements

For the year ended 31 December 2017

6. 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

7. OTHER NET INCOME

	2017	2016
	HK$'000	HK$'000
Bank interest income	**1,159**	1,136
Effective interest income on investments in convertible bonds (Note 17)	**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 (Note 16(b))	**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

Notes to the Financial Statements

For the year ended 31 December 2017

8. FINANCE COSTS

	2017 HK$'000	2016 HK$'000
Effective interest expense on convertible bonds		
– wholly repayable within five years (Note 24)	**12,999**	16,133
Effective interest expense on redeemable convertible preference shares (Note 23)	**–**	20
Effective interest expense on contingent consideration payables		
– wholly repayable within five years (Note 38(B)(iii)(c))	**–**	23
Interest on borrowings	**494**	–
	13,493	16,176

9. (LOSS)/PROFIT BEFORE TAXATION

	2017 HK$'000	2016 HK$'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 (Note 19(b))	**–**	9,602
Cost of inventories recognised as expense	**–**	72,515
Employee benefit expense (including directors' remuneration and share-based compensation expense) (Note 12(d))	**58,540**	109,938
Impairment of inventories (Note 18)	**–**	1,278
Operating leases charges in respect of leased premises	**7,310**	35,854
Write-off of property, plant and equipment (Note 13)	**109**	646
Loss on disposal of available-for-sale investments (Note 14(c))	**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.

Notes to the Financial Statements

For the year ended 31 December 2017

10. TAXATION CREDIT

	2017 **HK$'000**	2016 HK$'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 years	**–**	(2,829)
Deferred tax credit (Note 26)	**(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.

Notes to the Financial Statements

For the year ended 31 December 2017

10. TAXATION CREDIT (continued)

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

	2017 HK$'000	2016 HK$'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)

Notes to the Financial Statements

For the year ended 31 December 2017

11. (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.

Notes to the Financial Statements

For the year ended 31 December 2017

12. DIRECTORS' REMUNERATION AND EMPLOYEES' EMOLUMENTS

(a) Directors' remuneration

	Fees HK$'000	Salaries and allowances HK$'000	Retirement fund contributions HK$'000	Share-based compensation expense* HK$'000	Total HK$'000
2017					
Executive Directors:					
Wu King Shiu, Kelvin	–	6,050	18	1,507	7,575
Ho Gilbert Chi Hang (Note (vi))	–	6,028	18	1,507	7,553
Non-Executive Directors:					
Chang Tat Joel (Note (i))	413	–	16	394	823
Xu Haohao	300	–	–	–	300
Guo Qifei	300	–	–	–	300
Fong Janie (Note (ii))	125	–	–	223	348
Independent Non-Executive Directors:					
Fong Janie (Note (ii))	175	–	–	–	175
Yuen Kwok On	300	–	–	120	420
Chinn Adam David (Note (iii))	200	–	–	120	320
Professor Lee Chack Fan, *GBS, SBS, JP* (Note (iv))	299	–	–	120	419
Matsumoto Hitoshi (Note (v))	113	–	–	–	113
	2,225	12,078	52	3,991	18,346

Notes:

(i) Resigned as a Non-Executive Director on 10 November 2017.

(ii) Re-designated from a Non-Executive Director to an Independent Non-Executive Director on 1 June 2017.

(iii) Resigned as an Independent Non-Executive Director on 1 June 2017.

(iv) Resigned as an Independent Non-Executive Director on 15 August 2017.

(v) Appointed as an Independent Non-Executive Director on 15 August 2017.

(vi) Resigned as an Executive Director on 1 January 2018.

12. DIRECTORS' REMUNERATION AND EMPLOYEES' EMOLUMENTS (continued)

(a) Directors' remuneration (continued)

	Fees HK$'000	Salaries and allowances HK$'000	Retirement fund contributions HK$'000	Share-based compensation expense* HK$'000	Total HK$'000
2016					
Executive Directors:					
Wu King Shiu, Kelvin	–	7,527	18	8,076	15,621
Ho Gilbert Chi Hang	–	7,333	18	8,076	15,427
Chang Tat Joel (Note (i))	–	1,484	14	438	1,936
Non-Executive Directors:					
Chang Tat Joel (Note (i))	117	–	4	139	260
Xu Haohao (Note (ii))	39	–	–	–	39
Guo Qifei (Note (ii))	39	–	–	–	39
Fong Janie (Note (ii))	39	–	–	43	82
Independent Non-Executive Directors:					
Yuen Kwok On	126	–	–	346	472
Chinn Adam David	480	–	–	346	826
Professor Lee Chack Fan, *GBS, SBS, JP*	480	–	–	346	826
	1,320	16,344	54	17,810	35,528

Notes:

(i) Re-designated from an Executive Director to a Non-Executive Director on 3 October 2016.

(ii) Appointed as Non-Executive Directors on 15 November 2016.

* These amounts represent the estimated value of share options granted to the Directors under the Company's share option scheme. The value of these share options is measured according to the Group's accounting policies for share-based payments as set out in Note 3(p)(iii) to the financial statements. Particulars of share options granted to the Directors under the Company's share option scheme are set out in Note 29 to the financial statements.

There was no arrangement under which a director waived or agreed to waive any remuneration during the years ended 31 December 2017 and 2016.

Notes to the Financial Statements

For the year ended 31 December 2017

12. DIRECTORS' REMUNERATION AND EMPLOYEES' EMOLUMENTS (continued)

(b) Five highest paid individuals

The five individuals whose emoluments were the highest in the Group for the year included two Directors (2016: three Directors) whose emoluments are reflected in the analysis presented above. Emoluments payable to the remaining three (2016: two) individuals during the year are as follows:

	2017 **HK$'000**	2016 HK$'000
Salaries, allowances and benefits in kind	**3,080**	2,569
Contractual and discretionary bonuses	**896**	–
Retirement fund contributions	**54**	24
Share-based compensation expense	**1,553**	–
	5,583	2,593

The emoluments fell within the following bands:

	Number of individuals	
	2017	2016
Emolument bands		
Nil to HK$1,000,000	**–**	–
HK$1,000,001 to HK$1,500,000	**–**	2
HK$1,500,001 to HK$2,000,000	**1**	–
HK$2,000,001 to HK$2,500,000	**2**	1
HK$6,000,001 to HK$6,500,000	**–**	–
HK$7,500,001 to HK$8,000,000	**2**	–
HK$15,000,001 to HK$15,500,000	**–**	1
HK$15,500,001 to HK$16,000,000	**–**	1

Except as disclosed above, no emoluments were paid by the Group to the Directors of the Company or the five highest paid individuals as an inducement to join or upon joining the Group or as compensation for loss of office during the years ended 31 December 2017 and 2016.

Notes to the Financial Statements

For the year ended 31 December 2017

12. DIRECTORS' REMUNERATION AND EMPLOYEES' EMOLUMENTS (continued)

(c) Senior management

Members of senior management during the year were the Directors whose remuneration as set out in Note 12(a) above. The emoluments fell within the following bands:

	Number of individuals	
	2017	2016
Emolument bands		
Nil to HK$1,000,000	**8**	6
HK$2,000,001 to HK$2,500,000	**–**	1
HK$6,000,001 to HK$6,500,000	**–**	–
HK$7,500,001 to HK$8,000,000	**2**	–
HK$15,000,001 to HK$15,500,000	**–**	1
HK$15,500,001 to HK$16,000,000	**–**	1

(d) Employee benefit expense (including directors' remuneration)

	2017	2016
	HK$'000	HK$'000
Fees	**2,225**	1,320
Salaries, allowances and benefits in kind	**36,334**	69,256
Bonus paid and payable	**2,561**	12,184
Retirement fund contributions*	**1,661**	2,105
Share-based compensation expense (Notes 29 and 33)	**15,759**	25,073
Total	**58,540**	109,938

* There was no significant amount of forfeited contributions available to reduce future contributions payable by the Group as at 31 December 2017 and 2016.

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13. PROPERTY, PLANT AND EQUIPMENT

	Leasehold land and buildings HK$'000	Plant and machinery HK$'000	Computer hardware and software HK$'000	Furniture and fixtures HK$'000	Leasehold improvements HK$'000	Office equipment HK$'000	Motor vehicle HK$'000	Total HK$'000
At 1 January 2016								
Cost	–	–	5,651	4,572	57,544	7,763	–	75,530
Accumulated depreciation	–	–	(1,349)	(2,457)	(15,805)	(2,503)	–	(22,114)
Carrying amount	–	–	4,302	2,115	41,739	5,260	–	53,416
Year ended 31 December 2016								
Opening carrying amount	–	–	4,302	2,115	41,739	5,260	–	53,416
Additions	10,706	–	321	892	5,603	317	–	17,839
Acquisition of AID Japan (Note 37(a))	–	–	–	–	–	9	96	105
Acquisition of Mystery Apex (Note 37(b))	–	–	47	–	–	26	–	73
Disposals	–	–	(12)	–	–	(15)	(92)	(119)
Disposal of HMV M&E Group (Note 36(a))	–	–	(3,143)	(1,949)	(42,753)	(4,497)	–	(52,342)
Depreciation	(55)	–	(903)	(418)	(3,901)	(944)	(8)	(6,229)
Exchange alignment	–	–	(23)	(37)	(11)	(8)	4	(75)
Written off (Note 9)	–	–	(38)	(114)	(462)	(32)	–	(646)
Closing carrying amount	10,651	–	551	489	215	116	–	12,022
At 31 December 2016								
Cost	10,706	–	1,104	653	1,762	170	–	14,395
Accumulated depreciation	(55)	–	(553)	(164)	(1,547)	(54)	–	(2,373)
Carrying amount	10,651	–	551	489	215	116	–	12,022
Year ended 31 December 2017								
Opening carrying amount	**10,651**	**–**	**551**	**489**	**215**	**116**	**–**	**12,022**
Additions	**–**	**6,000**	**645**	**350**	**2,104**	**101**	**–**	**9,200**
Acquisition of GeneSort Group (Note 37(c))	**–**	**–**	**682**	**181**	**198**	**–**	**–**	**1,061**
Disposals	**–**	**–**	**–**	**(96)**	**–**	**–**	**–**	**(96)**
Disposal of Time Edge Group (Note 36(c))	**–**	**–**	**(24)**	**–**	**–**	**(14)**	**–**	**(38)**
Depreciation	**(65)**	**(150)**	**(504)**	**(146)**	**(449)**	**(80)**	**–**	**(1,394)**
Exchange alignment	**–**	**188**	**38**	**19**	**16**	**5**	**–**	**266**
Written off (Note 9)	**–**	**–**	**–**	**(48)**	**(61)**	**–**	**–**	**(109)**
Closing carrying amount	**10,586**	**6,038**	**1,388**	**749**	**2,023**	**128**	**–**	**20,912**
At 31 December 2017								
Cost	**10,706**	**6,193**	**2,144**	**980**	**2,922**	**171**	**–**	**23,116**
Accumulated depreciation	**(120)**	**(155)**	**(756)**	**(231)**	**(899)**	**(43)**	**–**	**(2,204)**
Carrying amount	**10,586**	**6,038**	**1,388**	**749**	**2,023**	**128**	**–**	**20,912**

Notes to the Financial Statements

For the year ended 31 December 2017

14. AVAILABLE-FOR-SALE INVESTMENTS

	2017 HK$'000	2016 HK$'000
Equity securities listed in Hong Kong, at fair value	**707,603**	–
Equity investments in unlisted entities, at cost (net of impairment)	**255,280**	244,655
Total	**962,883**	244,655

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

	Notes	2017 HK$'000	2016 HK$'000
At 1 January		**244,655**	30,000
Additions	(a)	**13,976**	235,560
Reclassification from interests in associates	(a)	**–**	9,095
Reclassification from financial assets at fair value through profit or loss	(a), (b)	**710,479**	–
Disposal	(c)	**(1,791)**	(30,000)
Changes in fair value recognised during the year	(b)	**(2,876)**	–
Impairment	(d)	**(1,560)**	–
At 31 December		**962,883**	244,655

Notes:

(a) The Group acquired certain unlisted investments at a cash consideration of HK$13,976,000 (2016: HK$235,560,000), and reclassified interest in HMV Digit China from financial assets at fair value through profit or loss at an aggregate amount of HK$710,479,000 (2016: reclassified from interests in associates of HK$9,095,000) (Note 16(c)) during the year ended 31 December 2017.

(b) The available-for-sale investments included an investment in approximately 21.34% equity interest in HMV Digit China amounted to HK$707,603,000 which was reclassified from financial assets at fair value through profit or loss as detailed in Note 25(a)(v). The investment is not accounted for using equity method as the Group does not have the power to participate in HMV Digit China's operating and financial policies, evidenced by the lack of any direct or indirect involvement at board level.

(c) On 31 October 2017, the Group disposed of an available-for-sale investment at a cash consideration of HK$1,244,000, resulting in a loss on disposal of HK$547,000 recognised as other operating expenses in profit or loss.

On 30 December 2016, the 40% equity interest in Glory Kingdom Group Limited was disposed of together with its parent company, Vissible Co & Limited ("Vissible"), as detailed in Note 36(b).

(d) The Group made an impairment provision of HK$1,560,000 (2016: Nil) against the carrying amount of certain available-for-sale investments during the year ended 31 December 2017 with reference to its recoverable amount.

(e) As at 31 December 2017 and 2016, the remaining available-for-sale investments mainly represented US$30,000,000 (equivalent to approximately HK$234,000,000) of series A preferred stocks of Zoox, Inc. ("Zoox"), a company incorporated in the United States of America with limited liability. Zoox is principally engaged in robotics and pioneering autonomous mobility.

As at 31 December 2017 and 2016, the fair values of unlisted investments were not disclosed as there was no open market for these securities and the fair values cannot be measured reliably.

Notes to the Financial Statements

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15. INTANGIBLE ASSETS

	Goodwill HK$'000 (Note (a))	Trademarks HK$'000 (Note (b))	Intellectual property HK$'000 (Note (c))	Mobile games HK$'000 (Note (d))	Distribution network HK$'000 (Note (d))	Online music streaming app HK$'000 (Note (d))	Non-compete agreements of mobile game business HK$'000 (Note (d))	Know-how HK$'000 (Note (e))	Non-compete agreements of health technology business HK$'000 (Note (e))	Others HK$'000 (Note (f))	Total HK$'000
Carrying amount at 1 January 2016	117,663	77,311	29,305	9,281	5,824	–	22,618	–	–	–	262,002
Acquisition of subsidiaries (Notes 37(a) and (b))	14,249	–	–	–	–	–	–	–	–	–	14,249
Additions	–	–	–	–	–	–	–	–	–	6,976	6,976
Disposal of HMV M&E Group (Note 36(a))	(31,407)	(75,046)	–	–	–	–	–	–	–	–	(106,453)
Amortisation	–	(2,265)	(7,764)	(7,425)	(2,589)	–	(5,322)	–	–	(535)	(25,900)
Impairment	(24,717)	–	–	–	–	–	–	–	–	–	(24,717)
Exchange alignment	–	–	–	–	–	–	–	–	–	25	25
Carrying amount at 31 December 2016 and 1 January 2017	**75,788**	**–**	**21,541**	**1,856**	**3,235**	**–**	**17,296**	**–**	**–**	**6,466**	**126,182**
Acquisition of subsidiaries (Note 37(c))	**52,479**	**–**	**–**	**–**	**–**	**–**	**–**	**37,189**	**1,039**	**–**	**90,707**
Additions	**–**	**–**	**–**	**–**	**–**	**1,700**	**–**	**–**	**–**	**10,875**	**12,575**
Disposal of subsidiaries (Note 36(c))	**(12,309)**	**–**	**–**	**–**	**–**	**(1,417)**	**–**	**–**	**–**	**–**	**(13,726)**
Amortisation	**–**	**–**	**(3,883)**	**(1,856)**	**(2,588)**	**(283)**	**(5,322)**	**(1,705)**	**(159)**	**(3,433)**	**(19,229)**
Impairment	**(27,900)**	**–**	**(17,658)**	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**(45,558)**
Exchange alignment	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**201**	**201**
Carrying amount at 31 December 2017	**88,058**	**–**	**–**	**–**	**647**	**–**	**11,974**	**35,484**	**880**	**14,109**	**151,152**

Notes to the Financial Statements

For the year ended 31 December 2017

15. INTANGIBLE ASSETS (continued)

Notes:

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

	2017 HK$'000	2016 HK$'000
HGGL	33,639	61,539
AID Japan Co., Ltd. ("AID Japan") (Note 37(a))	1,940	1,940
Mystery Apex Limited ("Mystery Apex") (Note 37(b))	–	12,309
GeneSort Group (Note 37(c))	52,479	–
	88,058	75,788

The recoverable amount of HGGL and GeneSort Group to which the goodwill relates has been determined based on a value in use calculation. The calculation is based on financial budgets covering a five-year period approved by management and followed by an extrapolation of expected cash flows with 3% terminal growth rate for HGGL and 2% for GeneSort Group. Key assumptions are based on past performance, management estimation on market development and general inflation based on the growth rates which did not exceed the long-term average growth rates for the business in which the CGU operates. The discount rates used for value in use calculations are pre-tax and reflect specific risks relating to the relevant CGU.

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

	CSL		HGGL		GeneSort Group	
	2017	2016	2017	2016	2017	2016
Terminal growth rate	0%	0%	3%	3%	2%	N/A
Discount rate	27.8%	27.8%	33.4%	30.8%	34.4%	N/A

Apart from the considerations described above in determining the value in use of the CGUs, management is not aware of any other probable changes that would necessitate changes in the key assumptions.

During the year ended 31 December 2017, goodwill arising from the acquisition of HGGL was partially impaired and an impairment of HK$27,900,000 was recognised due to unfavourable change in market condition of mobile-online games business in the PRC subsequent to acquisition. The Directors determined that other CGUs containing goodwill did not suffer any impairment.

Notes to the Financial Statements

For the year ended 31 December 2017

15. INTANGIBLE ASSETS (continued)

Notes: (continued)

(b) Trademarks arose from the acquisition of HMV IP Rights and HMV Business on 30 November 2015. Trademarks represent the rights to use the name "HMV", the various HMV trade marks and trade mark applications, and the HMV domain names for the purposes of conducting the retail business of "HMV" operating through the four (4) retail stores selling music, movies and television series related contents and products located in Hong Kong and any other business to be conducted in the PRC, Hong Kong and Singapore. HMV M&E Group was disposed of on 3 August 2016 as detailed in Note 36(a).

(c) Intellectual property represents a series of interactive role-playing game Apps available on the three major global digital distribution platforms, namely Apple's App Store, Google's Play Store and Amazon's App Store which arising from the acquisition of Complete Star Limited ("CSL") on 9 October 2014. The recoverable amount of CSL to which the intangible asset relates has been determined based on a value in use calculation. The calculation is based on a financial budget covering a five-year period approved by management and followed by an extrapolation of expected cash flows with 0% terminal growth rate for CSL. Key assumptions are based on past performance, management estimation on market development and general inflation, based on the growth rate which did not exceed the long-term average growth rate for the business in which the CGU operates. A pre-tax discount rate of 27.8% was used for value in use calculation which reflected specific risks relating to the CGU. During the year ended 31 December 2017, the Group has fully impaired the intellectual property with an impairment loss of HK$17,658,000 recognised in profit or loss due to the unfavourable charge in market condition of mobile game business.

(d) Mobile games, distribution network and non-compete agreements of mobile game business arose from acquisition of 70% equity interest in HGGL on 2 April 2015. Mobile games represent self-developed games launched to the mobile game market.

Distribution network represents the mobile application which provides download access to users of the mobile application to download mobile games in the PRC.

Non-compete agreements of mobile game business refer to the restrictive covenants included in employment contracts of certain key management personnel of VSOYOU who agreed not to enter into or start a similar profession or trade in competition against VSOYOU's business.

Online music streaming app represents the mobile application of Time Edge Group for providing online music streaming service to the public, where Time Edge Group was disposed of on 26 April 2017 as detailed in Note 36(c).

(e) Know-how and non-compete agreements of health technology business arose from acquisition of 73.7% equity interest in GeneSort Group on 11 July 2017.

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

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

(f) At 31 December 2017, others represented a mobile game license with net carrying amount of HK$5,130,000 (2016: HK$3,166,000), mobile apps development with net carrying amount of HK$5,679,000 (2016: Nil) and a club membership with net carrying amount of HK$3,300,000 (2016: HK$3,300,000).

For the impairment testing on club membership, the recoverable amount has been determined based on fair value less costs to sell which represents the market price less cost of disposal as at 31 December 2017.

Notes to the Financial Statements

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16. INTEREST IN AN ASSOCIATE

	2017 HK$'000	2016 HK$'000
Interest in an associate		
Hong Kong listed shares	–	861,029
Market value of listed shares	–	861,029

Movements in interest in an associate during the year are as follows:

	Notes	2017 HK$'000	2016 HK$'000
At 1 January		861,029	3,603
Additions	(a)	–	1,154,888
Gain on deemed disposal (Note 7)	(b)	31,750	1,318
Share of losses, net of tax		(2,313)	(4,070)
Share of other comprehensive income of an associate/associates		297	(482)
Fair value loss recognised in profit or loss upon reclassification	(c)	(286,925)	(24,484)
Reclassification to financial assets at fair value through profit or loss/available-for-sale investments	(c)	(603,838)	(9,095)
Impairment	(d)	–	(260,649)
At 31 December		–	861,029

Notes:

(a) During the year ended 31 December 2016, the Group acquired certain interests in the following associates, at aggregate consideration of HK$1,154,888,000:

(i) On 29 January 2016, the Group acquired approximately 14.74% equity interest in Kabushiki Kaisha Hyakusen Renma ("Hyakusen Renma") at a cash consideration of Japanese Yen ("JPY") 490,000,000 (equivalent to approximately HK$32,683,000). Although the Group's ownership interest in Hyakusen Renma is below 20%, the Group appointed one out of five directors of the board of Hyakusen Renma in accordance with the shareholders' agreement. In the opinion of the Directors, the Group was able to exercise significant influence on its financial and operating policies and accordingly, the interest in Hyakusen Renma was accounted for as an associate. Hyakusen Renma owns and operates a legitimate platform in Japan named STAYJAPAN.com (https://stayjapan.com/) for licensed property owners to list vacant rooms for private lodging and for guests to book vacation rentals.

(ii) On 9 September 2016, the Group acquired approximately 33.33% equity interest in StylesBank Inc. ("StylesBank") at a cash consideration of JPY60,000,000 (equivalent to approximately HK$3,986,000). StylesBank is principally engaged in e-commerce business.

(iii) On 3 August 2016, consideration shares of HMV Digit China with fair value of HK$1,118,219,000 were received for the disposal of HMV M&E Group, representing approximately 20.47% of the issued share capital of HMV Digit China (Note 36(a)).

Notes to the Financial Statements

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16. INTEREST IN AN ASSOCIATE (continued)

Notes: (Continued)

(b) During the period from 1 January to 28 June 2017, with the completion of placings of new ordinary shares of HMV Digit China, the conversion of certain of its convertible bonds and an acquisition satisfied by issue and allotment of its ordinary shares, the Group's shareholding in HMV Digit China was diluted from 20.47% to 16.59% and an aggregate gain on deemed disposal of HK$31,750,000 was recognised in profit or loss (Note 7).

During the year ended 31 December 2016, Brave Entertainment Co., Ltd ("Brave Entertainment") issued new shares to an independent third party and this resulted in a dilution of the Group's equity interest from 17.12% to 16.27% and accordingly, the Group recognised a gain on deemed disposal of HK$1,318,000 in profit or loss.

(c) Following the resignation of the Company's two directors from the board of directors of HMV Digit China on 28 June 2017, the Group had no significant influence on HMV Digit China's financial and operating policies. Accordingly, the Group's interest in HMV Digit China with a net carrying amount of HK$603,838,000 (Note 25(a)(iv)) was reclassified to financial assets at fair value through profit or loss on 28 June 2017, including a fair value loss of HK$286,925,000 which has been recognised in profit or loss upon reclassification from interest in an associate to the financial assets at fair value through profit or loss.

During the year ended 31 December 2016, following the resignation as the director(s) of the investee companies, Brave Entertainment, Hyakusen Renma and StylesBank, and the waiver of the rights to appoint directorship in these investee companies by the Group, the Group had no significant influence on their financial and operating policies. Accordingly, these investments with aggregate net carrying amounts of HK$9,095,000 (Note 14) were reclassified to available-for-sale investments, including a fair value loss of HK$24,484,000 which has been recognised in profit or loss due to the re-measurement upon the reclassification of these investments from interests in associates to available-for-sale investments.

(d) During the year ended 31 December 2016, the Group has assessed the recoverable amount of its interest in the associate listed in Hong Kong and the carrying amount of interest in this associate was higher than its market value and accordingly, an impairment provision of HK$260,649,000 has been recognised in profit or loss.

(e) Particulars of the associate as at 31 December 2017 and 2016 are as follows:

Name	Place of incorporation/ operation	Issued and fully paid share capital	Percentage of ownership interests		Principal activities
		('000)	**2017**	2016	
HMV Digit China	Bermuda/ Hong Kong	HK$134,758	**N/A**	20.47%	Investment holding

There are no significant restrictions on the ability of associates to transfer funds to the Group in form of cash dividends, or to repay loans or advances made by the Group.

There are no material contingent liabilities relating to the Group's interest in an associate.

Notes to the Financial Statements

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16. INTEREST IN AN ASSOCIATE (continued)

Notes: (Continued)

(f) Summarised financial information in respect of the Group's material associate is set out below. The associate was accounted for in the consolidated financial statements using equity method. The summarised financial information represents amounts shown in the financial statements of the associates, after fair value adjustments, prepared in accordance with IFRSs:

	HMV Digit China	
	2017	2016
	HK$'000	HK$'000
Non-current assets	–	1,994,039
Current assets	–	332,236
Current liabilities	–	(339,543)
Non-current liabilities	–	(45,647)
Net assets	–	1,941,085
Less: attributable to non-controlling interests	–	(3,034)
Net assets attributable to the owners of the associates	–	1,938,051
Reconciliation to the Group's interest in the associate:		
Proportion of the Group's ownership	–	20.47%
Group's share of net assets of associate, excluding goodwill	–	396,792
Goodwill on acquisition	–	724,886
Less: impairment	–	(260,649)
Carrying amount of the investment	–	861,029

	For the period from 1 January 2017 to 28 June 2017 (date of reclassification)	For the period from 3 August 2016 (date of acquisition) to 31 December 2016
	HK$'000	HK$'000
Revenue	**230,462**	321,331
(Loss)/profit for the period	**(15,707)**	24,435
Other comprehensive income	**1,465**	(5,841)
Total comprehensive income for the period	**(14,242)**	18,594
Less: attributable to non-controlling interests	**2,528**	(1,699)
Total comprehensive income attributable to the owners of the associate	**(11,714)**	16,895

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17. INVESTMENTS IN CONVERTIBLE BONDS

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

	Notes	**2017** **HK$'000**	2016 HK$'000
At 1 January		**14,362**	11,622
Convertible Bond of HMV Digit China (Note (b))		**38,252**	–
Effective interest income for the year (Note 7)		**8,515**	3,626
Interest received		**(741)**	(886)
At 31 December		**60,388**	14,362
Categorised as:			
Current portion	(a)	**19,056**	–
Non-current portion	(b)	**41,332**	14,362
		60,388	14,362

Notes:

(a) Convertible Bond of Brave Entertainment

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

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

Notes to the Financial Statements

For the year ended 31 December 2017

17. INVESTMENTS IN CONVERTIBLE BONDS (continued)

Notes: (continued)

(a) Convertible Bond of Brave Entertainment (continued)

On 27 July 2017, the Group had exercised its early redemption option by giving no less than thirty day's notice to the issuer, to fully redeem the convertible bond on 31 August 2017. On 10 August 2017, the Convertible Bond of Brave Entertainment was transferred by Shiny Diamond to Action Key Investments Limited ("Action Key"), another wholly-owned subsidiary of the Group. During the year, the Group had subsequently extended the redemption date of the Convertible Bond of Brave Entertainment to 1 June 2018.

As at 31 December 2017, the fair value of the Convertible Bond of Brave Entertainment was HK$19,056,000 (31 December 2016: HK$21,980,000) with receivable component of HK$19,056,000 (31 December 2016: HK$14,362,000) and the embedded derivative component of Nil (31 December 2016: HK$7,618,000). Interest income of the debt component of the Convertible Bond of Brave Entertainment for the year ended 31 December 2017 was calculated using effective interest method by applying an effective interest rate of 31.9% (31 December 2016: 31.9%) to the receivable component.

(b) Convertible Bond of HMV Digit China

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

Notes to the Financial Statements

For the year ended 31 December 2017

17. INVESTMENTS IN CONVERTIBLE BONDS (continued)

Notes: (continued)

(b) Convertible Bond of HMV Digit China (continued)

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

At initial recognition, the fair value of the Convertible Bond of HMV Digit China was HK$61,239,000 (Note 36(c)) with receivable component of HK$38,252,000 and the embedded derivative component of HK$22,987,000 (Note 25(a)). As at 31 December 2017, the fair value of the Convertible Bond of HMV Digit China was HK$56,889,000 with receivable component of HK$41,332,000 and the embedded derivative component of HK$15,557,000.

Interest income of the debt component of the Convertible Bond of HMV Digit China for the year ended 31 December 2017 was calculated using effective interest method by applying an effective interest rate of 11.9% (31 December 2016: N/A) to the receivable component.

The embedded derivatives (i.e. the early redemption and conversion option of Convertible Bond of Brave Entertainment and the conversion option of Convertible bond of HMV Digit China) of the convertible bonds are separated from the host contracts because its economic characteristics and risk are not closely related to those of the host contracts and were accounted for as financial assets at fair value through profit or loss as set out in Note 25(a).

As at 31 December 2017 and 2016, the convertible bonds were neither past due nor impaired. The Directors are of the opinion that no impairment is necessary in respect of the balances as there has not been a significant change in credit quality and the balances are considered to be fully recoverable. The Group does not hold any collateral or other credit enhancements over the convertible bonds.

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For the year ended 31 December 2017

18. INVENTORIES

	2017	2016
	HK$'000	HK$'000
Consumables	**450**	–

During the year ended 31 December 2017, the Group has written down the carrying values of inventories of Nil (2016: HK$1,278,000).

19. TRADE AND OTHER RECEIVABLES

		2017	2016
	Notes	**HK$'000**	HK$'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 to the Financial Statements

For the year ended 31 December 2017

19. TRADE AND OTHER RECEIVABLES (continued)

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 HK$'000	2016 HK$'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 HK$'000	2016 HK$'000
At the beginning of the year	**9,102**	–
Provision for impairment for the year (Note 9)	**–**	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.

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For the year ended 31 December 2017

20. CASH AND CASH EQUIVALENTS

	2017 HK$'000	2016 HK$'000
Cash and cash equivalents	**35,358**	211,309

Cash at bank earns interest at floating rates based on daily bank balances and deposit rates.

As at 31 December 2017, cash and bank balances of the Group denominated in Renminbi ("RMB") amounted to HK$19,184,000 (2016: HK$28,963,000). RMB is not freely convertible into other currencies. Under the PRC's Foreign Exchange Control Regulations and Administration of Settlement, Sale and Payment of Foreign Exchange Regulations, the Group is permitted to exchange RMB for other currencies through the banks which are authorised to conduct foreign exchange business.

As at 31 December 2017, the Group had bank deposits of New Israeli Shekel ("NIS") 361,000 (equivalent to approximately HK$808,000; 2016: Nil) being utilised by a subsidiary as security guarantees in respect of tenancy agreement and a customer contract.

21. 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.

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22. 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	2016
	HK$'000	HK$'000
Borrowings (included in non-current liabilities)	**9,033**	–

The borrowings are scheduled to be repaid as follows:

	2017	2016
	HK$'000	HK$'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	–

23. REDEEMABLE CONVERTIBLE PREFERENCE SHARES

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

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

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23. REDEEMABLE CONVERTIBLE PREFERENCE SHARES (continued)

In accordance with the terms and conditions thereof, the conversion price was reset on 14 March 2012, 14 March 2013, 14 September 2013, 14 March 2014, 27 January 2015, 20 July 2015 and 11 August 2015, the prevailing conversion price was HK$0.10 per share as reset upon the completion of the placing on 11 August 2015.

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

As at 31 December 2015, the outstanding number of the RCPS issued was 7,019,790, which were fully redeemed by the Company upon the maturity during the year ended 31 December 2016 (Note 27(c)).

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

	2017 **HK$'000**	2016 HK$'000
Net carrying amount at 1 January	–	5,455
Effective interest expense for the year (Note 8)	–	20
Redemption of RCPS	–	(5,475)
Net carrying amount at 31 December	–	–

Interest expense on the RCPS is calculated using effective interest method by applying the effective interest rate of Nil in 2017 (2016: 1.14%) per annum.

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24. CONVERTIBLE BONDS

2015 HK$140 million Convertible Bonds

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

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

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

24. CONVERTIBLE BONDS (continued)

2015 HK$140 million Convertible Bonds (continued)

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

	2017	2016
	HK$'000	HK$'000
Net carrying amounts at 1 January	**154,743**	318,909
Effective interest expense for the year (Note 8)	**12,999**	16,133
Conversion of the convertible bonds	**–**	(180,299)
Net carrying amounts at 31 December (included in non-current liabilities)	**167,742**	154,743

During the year ended 31 December 2016, principal amount of HK$175,000,000 of the convertible bonds was converted into 1,590,909,090 (ordinary shares of the Company (Note 27(a)) at the conversion price of HK$0.11 per share, with the carrying value of the liability component of the convertible bonds of HK$180,299,000 at the date of conversion.

Interest expenses of the 2015 HK$140 million Convertible Bonds for the year ended 31 December 2017 are calculated using effective interest method by applying effective interest rate of 8.3% (2016: 8.3%) per annum to the liability component.

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For the year ended 31 December 2017

25. FINANCIAL ASSETS/LIABILITIES AT FAIR VALUE THROUGH PROFIT OR LOSS

(a) Financial assets at fair value through profit or loss

	2017 HK$'000	2016 HK$'000
Bond investments (Note (i))		
At 1 January	–	–
Investment in bonds	22,895	–
Disposals	(8,103)	–
Realised gain on disposal	295	–
Fair value gain for the year	695	–
At 31 December	15,782	–
Derivative financial instrument (Note (ii))	2,340	2,340
Derivatives embedded in the convertible bonds (Note (iii))		
At 1 January	7,618	11,008
Convertible Bond of HMV Digit China (Note 17(b))	22,987	–
Fair value loss for the year	(15,048)	(3,390)
At 31 December	15,557	7,618
Other financial assets (Note (iv))		
At 1 January	–	–
Reclassification from interest in an associate (Note (iv))	603,838	–
Additions (Note (v))	110,720	–
Gain on bargain purchase (Note (v))	47,360	–
Reclassification to available-for-sale investments (Note (v))	(710,479)	–
Fair value loss for the year	(51,439)	–
At 31 December	–	–
Total	33,679	9,958
Categorised as:		
Current portion	18,122	2,340
Non-current portion	15,557	7,618
Total	33,679	9,958
Total net loss recognised in profit or loss relating to financial instruments held by the Group for the year	(18,137)	(3,390)

25. FINANCIAL ASSETS/LIABILITIES AT FAIR VALUE THROUGH PROFIT OR LOSS (continued)

(a) Financial assets at fair value through profit or loss (continued)

Notes:

(i) Bond investments represented publicly traded bonds at market value, which were classified as held for trading and designated by the Group as financial assets at fair value through profit or loss.

(ii) Derivative financial instrument represented the rights to certain shares of an investee company's capital stocks pursuant to the Simple Agreements for Future Equity (Note 36(b)).

(iii) Derivative component of the Convertible Bond of Brave Entertainment is measured at fair value by a firm of independent professional valuers, Grant Sherman Appraisal Limited ("Grant Sherman"), using the Binomial Option Pricing model, at the end of the reporting period. The inputs into the model as at 31 December 2017 and 2016 were as follows:

	31 December 2017	31 December 2016
Expected volatility	**N/A**	48.4%
Expected life	**0.4 years**	1.92 years
Risk-free rate	**1.341%**	1.703%
Credit spread	**42%**	12%
Expected dividend yield	**0%**	0%

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

	31 December 2017	26 April 2017 (date of receiving the Convertible Bond of HMV Digit China)
Expected volatility	**70.51%**	69.3%
Expected life	**3.32 years**	4 years
Risk-free rate	**1.95%**	1.696%
Credit spread	**9.63%**	6.2%
Expected dividend yield	**0%**	0%

(iv) The other financial assets represented interest in HMV Digit China whose shares are listed on GEM which was reclassified from interest in an associate during the year ended 31 December 2017 as detailed in Note 16(c).

(v) On 3 November 2017, the Group further acquired 640,000,000 shares of HMV Digit China from an independent third party at a consideration of HK$110,720,000. The purchase price of HMV Digit China's shares was set lower than market price and a gain on bargain purchase of HK$47,360,000 was recognised in profit and loss. The investment was then reclassified as an available-for-sale investment as management intended to treat it as long-term investment. Details of the transaction was set out in the Company's announcement dated 15 October 2017.

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25. FINANCIAL ASSETS/LIABILITIES AT FAIR VALUE THROUGH PROFIT OR LOSS (continued)

(b) Financial liabilities at fair value through profit or loss

	2017 **HK$'000**	2016 HK$'000
Derivatives embedded in the redeemable convertible preference shares issued:		
At 1 January	–	2,738
Fair value gain for the year	–	(2,738)
At 31 December	–	–
Derivatives embedded in the convertible bonds issued:		
At 1 January	–	27,835
Conversion of convertible bonds (Note (i))	–	(28,836)
Fair value loss for the year	–	1,001
At 31 December	–	–
Total	–	–
Total net gains recognised in profit or loss relating to financial instruments held by the Group for the year	–	(1,737)

Note:

(i) During the year ended 31 December 2016, principal amount of HK$175,000,000 of the 2014 Convertible Bonds was converted into 1,590,909,090 ordinary shares of the Company (Note 27(a)) at the conversion price of HK$0.11 per share, with fair value of derivatives embedded therein of HK$28,836,000 at the dates of conversion, as calculated using the Binomial Option Pricing Model.

26. DEFERRED TAX LIABILITIES

Deferred taxation is calculated on temporary differences under liability method using the rates of taxation prevailing in the countries in which the Group's subsidiaries operate.

The following are the major deferred tax liabilities recognised and movements thereon during the current and prior years:

	Fair value adjustments arising from the acquisition of subsidiaries and business	
	2017	2016
	HK$'000	HK$'000
At 1 January	**9,150**	31,370
Acquisition of GeneSort Group (Note 37(c))	**9,557**	–
Credited to profit or loss (Note 10)	**(6,461)**	(5,982)
Disposal of subsidiaries (Note 36(a))	**–**	(16,238)
At 31 December	**12,246**	9,150

Deferred tax credit arising from deferred tax liabilities recognised

The amount credited to profit or loss relating to the amortisation of intangible assets.

Deferred tax assets/(liabilities) not recognised

The major deferred tax assets/(liabilities) not recognised in the consolidated statement of financial position are as follows:

	Unutilised tax losses*	**Accelerated tax depreciation**	**Total**
	HK$'000	HK$'000	HK$'000
At 31 December 2017	**8,801**	**3**	**8,804**
At 31 December 2016	20,293	(17)	20,276

* The tax losses can be carried forward indefinitely if certain criteria can be met under the respective tax jurisdictions.

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26. DEFERRED TAX LIABILITIES (continued)

No recognition of potential deferred tax assets relating to tax losses of the Group has been made as the recoverability of the potential deferred tax assets is uncertain.

Pursuant to the PRC Enterprise Income Tax Law and its implementation regulations, dividends receivable by non-PRC corporate residents from PRC enterprises are subject to withholding tax at a rate of 10%, unless reduced by tax treaties or arrangements. The applicable tax rate for the Group is 10%.

As at 31 December 2017, no deferred tax liability has been recognised on temporary difference in relation to the undistributed earnings of approximately HK$1,495,000 (2016: HK$2,230,000) of subsidiaries in the PRC because the Group is in a position to control the timing of the reversal of the temporary difference and it is probable that such difference will not reverse in foreseeable future.

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27. SHARE CAPITAL

	Number of ordinary shares	Number of redeemable convertible preference shares	Nominal value US$'000	Equivalent nominal value HK$'000
Authorised				
At 1 January 2016, 31 December 2016 and 1 January 2017 (par value of US$0.01 each)	19,000,000,000	1,000,000,000	200,000	1,560,000
Capital reduction of 1 ordinary share with par value of US$0.01 each into 100 shares with par value of US$0.0001 each and 1 RCPS with par value of US$0.01 each into 100 RCPSs with par value of US$0.0001 each ("Capital Reduction") (Note (f))	1,881,000,000,000	99,000,000,000	–	–
At 31 December 2017 (par value of US$0.0001 each)	1,900,000,000,000	100,000,000,000	200,000	1,560,000
Issued and fully paid				
At 1 January 2016 (par value of US$0.01 each)	7,461,740,884	7,019,790	74,617	582,016
Conversion of the 2014 Convertible Bonds (Note (a))	1,590,909,090	–	15,909	124,091
Consideration shares issued for the acquisition of HGGL (Note (b))	204,961,760	–	2,050	15,987
Redemption of RCPSs (Note (c))	–	(7,019,790)	–	–
At 31 December 2016 and 1 January 2017 (par value of US$0.01 each)	**9,257,611,734**	**–**	**92,576**	**722,094**
Remuneration shares issued for consultancy service (Note (d))	**97,500,000**	**–**	**975**	**7,605**
Issue of consideration shares for acquisition of subsidiaries (Note (e))	**1,352,028,376**	**–**	**13,520**	**105,458**
Capital Reduction (Note (f))	**–**	**–**	**(106,000)**	**(826,805)**
At 31 December 2017 (par value of US$0.0001 each)	**10,707,140,110**	**–**	**1,071**	**8,352**

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27. SHARE CAPITAL (continued)

Notes:

(a) On 5 April 2016, principal amount of HK$175,000,000 of the 2014 Convertible Bonds were fully converted into 1,590,909,090 ordinary shares at the conversion price of HK$0.11 per share (Notes 24 and 25(b)(i)).

(b) On 14 April 2016, (i) 165,291,588 ordinary shares were issued to the vendor of HGGL at an issue price of HK$0.214 per share in respect of the third instalment of consideration for the acquisition of 70% equity interest in HGGL and (ii) 39,670,172 ordinary shares were also issued to the vendor of HGGL at an issue price of HK$0.2081 per share to settle the profit bonus payment.

(c) On 14 September 2016, 7,019,790 RCPSs were fully redeemed by the Company upon maturity.

(d) On 25 May 2017, the Company has issued 97,500,000 remuneration shares at an issue price of HK$0.08 per share as compensation for the consultancy service as detailed in Note 28(g).

(e) On 11 July 2017, 1,352,028,376 ordinary shares were issued to vendors of GeneSort Group in respect of consideration for the acquisition of approximately 73.7% equity interest in GeneSort Group.

(f) On 9 June 2017, the Company proposed to implement the capital reduction involving the reduction of the par value of each issued 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. 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 became effective subsequent registration with the Registrar of Companies in the Cayman Islands on 27 November 2017. Accordingly, the issued share capital of the Company was reduced from HK$835,157,000 to HK$8,352,000. The credit arising from the Capital Reduction was applied towards offsetting the entire amount of the accumulated losses of the Company of HK$123,850,000 as at 27 November 2017 with the remaining balance of HK$702,955,000 to be retained at the capital reduction reserve account of the Company. Further details of the Capital Reduction are set out in the Company's circular dated 30 June 2017.

Notes to the Financial Statements

For the year ended 31 December 2017

28. RESERVES

Group

	Notes	**2017 HK$'000**	2016 HK$'000
Share premium	(a)	**756,387**	802,660
Capital reduction reserve	(b)	**702,955**	–
Convertible bonds equity reserve	(c)	**1,921**	1,921
Capital reserve	(d)	**2,112**	2,112
Capital redemption reserve	(e)	**601**	601
Share-based compensation reserve	(f)	**62,165**	49,355
Remuneration share reserve	(g)	**7,820**	–
Investment revaluation reserve	(h)	**(2,876)**	(962)
Foreign exchange reserve	(i)	**(839)**	(4,902)
Other reserve	(j)	**(21,619)**	(21,619)
Statutory surplus reserve	(k)	**5,163**	4,931
Accumulated losses		**(382,320)**	(88,554)
		1,131,470	745,543

Details of the movements in the above reserves during the year are set out in the consolidated statement of changes in equity on pages 65 to 66. Nature and purpose of the reserves is as follows:

(a) Share premium

Share premium is the excess of the proceeds received over the nominal value of the shares of the Company issued at a premium, less the amount of expenses incurred in connection with the issue of the shares.

(b) Capital reduction reserve

This represents the credit arising from the Capital Reduction by reducing the par value of each of the issued ordinary shares from US\$0.01 to US\$0.0001 by cancelling the paid up share capital to the extend of US\$0.0099 per issued ordinary share. At the effective date of the Capital Reduction, the credit arising as a result was applied towards offsetting the accumulated loss of the Company as at the date, thereby reducing the accumulated loss of the Company. The balance of credit was transferred to the capital reduction reserve account of the Company which may be utilised by the Directors as a capital reduction reserve.

(c) Convertible bonds equity reserve

This represents the amount allocated to the unexercised equity component of convertible bonds issued by the Company recognised in accordance with the accounting policy adopted for convertible bonds in Note 3(h)(ii).

Notes to the Financial Statements

For the year ended 31 December 2017

28. RESERVES (continued)

Group (continued)

(d) Capital reserve

This represents a capital reserve arose from the acquisition of a subsidiary in 2000.

(e) Capital redemption reserve

This represents the repurchase of shares of the Company listed on the Stock Exchange. These repurchased shares were cancelled upon repurchase and, accordingly, the nominal value of the cancelled shares was credited to capital redemption reserve and the aggregate consideration paid was debited to the accumulated losses and share premium accounts.

(f) Share-based compensation reserve

This relates to share options granted to employees, consultants and directors under the Company's Share Option Scheme. Further information about share-based payments to directors, consultants and employees is set out in Note 29.

(g) Remuneration share reserve

On 5 May 2017, the Group entered into a consulting service agreement with an independent third party (the "Consultant"), pursuant to which, the Group engaged the Consultant to provide consultancy services (the "Consultancy Services") for a term of 5 years commencing from 5 May 2017. As consideration for the Consultancy Services, the Group will pay the Consultant a total sum of HK$39,000,000 by way of the issue and allotment (or procure the issue and allotment of) 487,500,000 new ordinary shares of the Company at an issue price of HK$0.08 per share in five tranches, of which the first tranche of 97,500,000 new ordinary shares were issued on 25 May 2017. Further details were set out in the Company's announcement dated 5 May 2017.

(h) Investment revaluation reserve

The investment revaluation reserve represents accumulated gains and losses arising on the revaluation of available-for-sale investments that have been recognised in other comprehensive income, net of amounts reclassified to profit or loss when those investments have been disposed of or are determined to be impaired.

(i) Foreign exchange reserve

Exchange differences arising from the translation of the net assets of the Group's foreign operations from their functional currencies to the Group's presentation currency (i.e. HK$) are recognised directly in other comprehensive income and accumulated in the foreign exchange reserve. The reserve is dealt with in accordance with the accounting policy of foreign currencies set out in Note 3(g).

(j) Other reserve

Other reserve represented the difference between the consideration received and the carrying amount of net assets attributable to the reduction of equity interest in HMV Brave Co., Ltd. disposed of to non-controlling shareholders (Note 35(b)); and difference between the consideration paid and carrying amount of net assets attributable to the acquisition of the remaining 30% of the issued share capital of HGGL (Note 35(d)).

Notes to the Financial Statements

For the year ended 31 December 2017

28. RESERVES (continued)

Group (continued)

(k) Statutory surplus reserve

In accordance with the PRC Companies Law, the Company's PRC subsidiaries are required to transfer 10% of their profit after tax, as determined in accordance with accounting standards and regulations of the PRC, to statutory surplus reserve. Such reserve may be used to reduce any loss incurred by the subsidiary or be capitalised as paid-up capital of the subsidiary. The statutory surplus reserve is non-distributable.

(l) Distributable reserves

As at 31 December 2017, the aggregate amount of reserves available for distribution to owners of the Company was HK$379,230,000 (2016: HK$719,037,000).

Company

	Share premium HK$'000	Capital reduction reserve HK$'000	Convertible bonds equity reserve HK$'000	Capital reserve HK$'000	Capital redemption reserve HK$'000	Share-based compensation reserve HK$'000	Remuneration share reserve HK$'000	Accumulated losses HK$'000	Total HK$'000
At 1 January 2016	698,265	–	9,982	2,112	601	49,587	–	(415,537)	345,010
Loss and total comprehensive income for the year	–	–	–	–	–	–	–	(54,775)	(54,775)
Share-based compensation	–	–	–	–	–	25,073	–	–	25,073
Issue of shares upon conversion of convertible bonds	76,580	–	(8,061)	–	–	–	–	–	68,519
Issue of consideration shares for acquisition of subsidiaries	27,815	–	–	–	–	–	–	–	27,815
Lapse of share options	–	–	–	–	–	(25,305)	–	25,305	–
At 31 December 2016 and 1 January 2017	**802,660**	**–**	**1,921**	**2,112**	**601**	**49,355**	**–**	**(445,007)**	**411,642**
Loss and total comprehensive income for the year	–	–	–	–	–	–	–	(84,688)	(84,688)
Share-based compensation	–	–	–	–	–	15,759	–	–	15,759
Remuneration shares issued for consultancy service (Note 27(d))	(1,657)	–	–	–	–	–	7,820	–	6,163
Issue of consideration shares for acquisition of subsidiaries	(44,616)	–	–	–	–	–	–	–	(44,616)
Lapse of share options	–	–	–	–	–	(2,949)	–	2,949	–
Capital reduction (Note 27(f))	–	702,955	–	–	–	–	–	123,850	826,805
At 31 December 2017	**756,387**	**702,955**	**1,921**	**2,112**	**601**	**62,165**	**7,820**	**(402,896)**	**1,131,065**

Notes to the Financial Statements

For the year ended 31 December 2017

29. SHARE OPTION SCHEME

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

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

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

Notes to the Financial Statements

For the year ended 31 December 2017

29. SHARE OPTION SCHEME (continued)

2002 Share Option Scheme

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

(a) the first 30% of the options between the first and tenth anniversary of the date of grant;

(b) the next 30% of the options between the second and tenth anniversary of the date of grant; and

(c) the remaining options between the third and tenth anniversary of the date of grant.

The following table discloses movements in the outstanding options granted by the Company under the 2002 Share Option Scheme during the years ended 31 December 2017 and 2016:

					Number of share options					
Year	Date of grant (dd/mm/yyyy)	Grantees	Exercise period (dd/mm/yyyy)	Exercise price per share HK$	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	Options exercisable as at 31 December 2017
2017	29/01/2007	Former directors and former employees	29/01/2008 to 28/01/2017	4.51	809,287	–	–	(809,287)	–	–
	11/02/2008	Former directors and former employees	11/02/2009 to 10/02/2018	2.22	4,256,683	–	–	–	4,256,683	4,256,683
	29/12/2008	Former directors and former employees	29/12/2009 to 28/12/2018	0.22	818,336	–	–	–	818,336	818,336
	07/10/2010	Former directors and former employees	07/10/2011 to 06/10/2020	0.20	2,370,561	–	–	–	2,370,561	2,370,561
	16/03/2012	Former directors and former employees	16/03/2013 to 15/03/2022	0.20	5,342,580	–	–	–	5,342,580	5,342,580
	14/05/2012	Former directors and former employees	14/05/2013 to 13/05/2022	0.19	5,859,368	–	–	–	5,859,368	5,859,368
				Total	19,456,815	–	–	(809,287)	18,647,528	18,647,528
			Weighted average exercise price (HK$)		0.82	–	–	4.51	0.66	

Notes to the Financial Statements

For the year ended 31 December 2017

29. SHARE OPTION SCHEME (continued)

2002 Share Option Scheme (continued)

Year	Date of grant (dd/mm/yyyy)	Grantees	Exercise period (dd/mm/yyyy)	Exercise price per share HK$	Number of share options: Balance as at 1 January 2016	Granted during the year	Exercised during the year	Cancelled/ lapsed during the year	Balance as at 31 December 2016
2016	24/03/2006	Former directors and former employees	24/03/2007 to 23/03/2016	9.51	1,619,325	–	–	(1,619,325)	–
	26/04/2006	Former directors and former employees	26/04/2007 to 25/04/2016	9.51	4,858,025	–	–	(4,858,025)	–
	29/01/2007	Former directors and former employees	29/01/2008 to 28/01/2017	4.51	809,287	–	–	–	809,287
	11/02/2008	Former directors and former employees	11/02/2009 to 10/02/2018	2.22	4,256,683	–	–	–	4,256,683
	29/12/2008	Former directors and former employees	29/12/2009 to 28/12/2018	0.22	818,336	–	–	–	818,336
	07/10/2010	Former directors and former employees	07/10/2011 to 06/10/2020	0.20	2,370,561	–	–	–	2,370,561
	16/03/2012	Former directors and former employees	16/03/2013 to 15/03/2022	0.20	5,342,580	–	–	–	5,342,580
	14/05/2012	Former directors and former employees	14/05/2013 to 13/05/2022	0.19	5,859,368	–	–	–	5,859,368
				Total	25,934,165	–	–	(6,477,350)	19,456,815
			Weighted average exercise price (HK$)		2.99	–	–	9.51	0.82

No option was granted or exercised under the 2002 Share Option Scheme during the years ended 31 December 2017 and 2016.

809,287 (2016: 6,477,350) options were lapsed under the 2002 Share Option Scheme upon expiry of the life of the options during the year ended 31 December 2017.

Notes to the Financial Statements

For the year ended 31 December 2017

29. SHARE OPTION SCHEME (continued)

2002 Share Option Scheme (continued)

The weighted average remaining contractual life of the options outstanding under the 2002 Share Option Scheme as at 31 December 2017 was approximately 3 years (2016: 3.83 years).

No share-based compensation expense was recognised under the 2002 Share Option Scheme during the year ended 31 December 2017 and 2016.

The total number of share available for issue under the 2002 Share Option Scheme is 18,647,528 representing approximately 0.17% of the Company's total number of issued shares at the date of this report.

2014 Share Option Scheme

The following table discloses movements in the outstanding option granted by the Company under the 2014 Share Option Scheme during the years ended 31 December 2017 and 2016:

					Number of share options					
Year	Date of grant (dd/mm/yyyy)	Grantees	Exercise period (Notes)	Exercise price per share HK$	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	Options exercisable as at 31 December 2017
2017	15/05/2014	Directors	(1)	0.16	54,684,000	–	–	–	54,684,000	54,684,000
	20/06/2014	Directors and former directors	(2)	0.16	32,465,250	–	–	–	32,465,250	32,465,250
	01/04/2016	Directors and former directors	(3), (6)	0.247	157,000,000	–	–	–	157,000,000	157,000,000
	19/05/2017	Directors and former directors	(5)	0.078	–	38,000,000	–	–	38,000,000	38,000,000
					244,149,250	38,000,000	–	–	282,149,250	282,149,250
	20/06/2014	Other eligible participants	(4)	0.16	35,402,750	–	–	–	35,402,750	35,402,750
	01/04/2016	Other eligible participants	(3), (6)	0.247	60,320,000	–	–	(11,904,000)	48,416,000	48,416,000
	19/05/2017	Other eligible participants	(5)	0.078	–	308,192,000	–	(4,000,000)	304,192,000	304,192,000
					95,722,750	308,192,000	–	(15,904,000)	388,010,750	388,010,750
				Total	339,872,000	346,192,000	–	(15,904,000)	670,160,000	670,160,000
		Weighted average exercise price (HK$)			0.216	0.078	–	0.204	0.145	

Notes to the Financial Statements

For the year ended 31 December 2017

29. SHARE OPTION SCHEME (continued)

2014 Share Option Scheme (continued)

Year	Date of grant (dd/mm/yyyy)	Grantees	Exercise period (Notes)	Exercise price per share HK$	Number of share options: Balance as at 1 January 2016	Granted during the year	Exercised during the year	Cancelled/ Lapsed during the year	Balance as at 31 December 2016
2016	15/05/2014	Directors	(1)	0.16	54,684,000	–	–	–	54,684,000
	20/06/2014	Directors and former directors	(2)	0.16	32,465,250	–	–	–	32,465,250
	01/04/2016	Directors and former directors	(3), (6)	0.247	–	157,000,000	–	–	157,000,000
					87,149,250	157,000,000	–	–	244,149,250
	20/06/2014	Other eligible participants	(4)	0.16	35,402,750	–	–	–	35,402,750
	01/04/2016	Other eligible participants	(3), (6)	0.247	–	94,368,000	–	(34,048,000)	60,320,000
					35,402,750	94,368,000	–	(34,048,000)	95,722,750
				Total	122,552,000	251,368,000	–	(34,048,000)	339,872,000
		Weighted average exercise price (HK$)			0.16	0.247	–	0.247	0.216

Notes:

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

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

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

(4) Divided into two tranches exercisable from 20 June 2014 and 20 June 2015, respectively to 19 June 2024.

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

(6) Ms. Fong Janie was appointed as a non-executive director of the Company on 15 November 2016, such share options were transferred from “Other eligible participants” to “Directors”.

29. SHARE OPTION SCHEME (continued)

2014 Share Option Scheme (continued)

No option was exercised under the 2014 Share Option Scheme during the years ended 31 December 2017 and 2016.

During the year ended 31 December 2017, 15,904,000 (2016: 34,048,000) options were lapsed upon resignation of other eligible participants.

The weighted average remaining contractual life of the options outstanding under the 2014 Share Option Scheme as at 31 December 2017 was approximately 8.50 years (2016: 8.59 years).

The closing price of the shares of the Company 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.

346,192,000 (2016: 251,368,000) options were granted under the 2014 Share Option Scheme during the year ended 31 December 2017. The fair value of the options granted during the year ended 31 December 2017, measured at the date of grant, totalled approximately HK$12,510,000 (2016: HK$33,307,000).

The following significant assumptions were used to derive the fair value of the share options granted during the year ended 31 December 2017, using the Polynomial Option Pricing Model:

(i) an expected volatility is 100%;

(ii) no dividend yield;

(iii) the estimated expected life of the options granted is 10 years; and

(iv) the risk free rates are based on the yield of 10 years of government bonds of Hong Kong Monetary Authority.

In determining the volatility, the historical volatility of the Company prior to the issuance of share options has been considered. The volatility is measured based on the daily price change and the volatility measured on daily basis provided a reasonable estimation for the expected volatility is considered.

Share-based compensation expense of HK$15,759,000 (2016: HK$25,073,000) was recognised under the 2014 Share Option Scheme in the consolidated statement of profit or loss for the year ended 31 December 2017 (Note 12(d)).

The total number of share available for issue under the 2014 Share Option Scheme is 670,160,000 representing approximately 6.26% of the Company's total number of issued shares at the date of this report.

Notes to the Financial Statements

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30. RELATED PARTY TRANSACTIONS

Other than those disclosed elsewhere in these financial statements, details of other significant transactions between the Group and other related parties during the years ended 31 December 2017 and 2016 are as follows:

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

	2017	2016
	HK$'000	HK$'000
Fees	**2,225**	1,320
Salaries, allowances and benefits in kind	**12,078**	16,344
Retirement fund contributions	**52**	54
Share-based compensation expense	**3,991**	17,810
	18,346	35,528

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

		2017	2016
	Note	**HK$'000**	HK$'000
Advertising expenses paid to a related company, Totally Apps Holdings Limited	(i)	**–**	4,274
Rental expenses and related charges paid to a related company, HMV Hong Kong Limited	(i)	**–**	7,943
Service fee paid and payable to the non-controlling shareholders, Outblaze Ventures Holdings Limited	(i)	**–**	2,368
Interest income on a loan to a shareholder of an investee	(i)	**629**	626
Interest income on a loan to a subsidiary of an investee/an associate	(i)	**1,248**	523

Note:

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

Save as disclosed above, no transactions, arrangements or contracts of significance in relation to the Group's business to which the Company was a party and in which a director of the Company or an entity connected with a director had a material interest, whether directly or indirectly, subsisted during or at the end of the financial year.

Notes to the Financial Statements

For the year ended 31 December 2017

30. RELATED PARTY TRANSACTIONS (continued)

(c) As at 31 December 2017 and 2016, the balances due from/(to) related parties were:

	2017 HK$'000	2016 HK$'000
Amount due to Outblaze Ventures Holdings Limited	–	(2,098)
Loan to a shareholder of an investee company (Note 19(c))	12,519	12,519
Loan to a wholly-owned subsidiary of the Group's investee company (Note 19(c))	25,000	25,000

31. COMMITMENTS

(a) Operating leases

As at 31 December 2017 and 2016, the total future minimum lease payments of the Group under non-cancellable operating leases in respect of land and buildings are payable as follows:

	2017 HK$'000	2016 HK$'000
Within one year	5,082	4,521
In the second to fifth years	15,185	15,419
After five years	–	3,820
	20,267	23,760

The Group leased certain properties under operating leases in Hong Kong, the PRC and Israel. The leases run for an initial period of 1 year to 6 years (2016: 6 months to 6 years), with an option to renew the lease and renegotiate the terms at the expiry date or at dates as mutually agreed between the Group and respective landlords/lessors and do not include any terms of contingent rentals.

(b) Capital commitments

As at 31 December 2016, the Group had contractual commitment for the acquisition of property, plant and equipment for office renovation and a non-exclusive licence to film titles amounting to HK$835,000 and HK$4,490,000 respectively.

Other than the above, the Group had no material capital commitments as at 31 December 2017 and 2016.

32. CONTINGENCIES

As at 31 December 2017 and 2016, the Group had no material contingent liabilities.

Notes to the Financial Statements

For the year ended 31 December 2017

33. RECONCILIATION OF (LOSS)/PROFIT BEFORE TAXATION TO CASH USED IN OPERATIONS

	Notes	**2017 HK$'000**	2016 HK$'000
Cash flows from operating activities			
(Loss)/profit before taxation		**(434,036)**	492,884
Adjustments for:			
Amortisation of intangible assets	15	**19,229**	25,900
Depreciation of property, plant and equipment	13	**1,394**	6,229
Finance costs	8	**13,493**	16,176
Share-based compensation expense	12(d)	**15,759**	25,073
Fair value loss on financial assets at fair value through profit or loss	25(a)	**18,137**	3,390
Fair value gain on financial liabilities at fair value through profit or loss	25(b)	**–**	(1,737)
Gain on remeasurement of contingent consideration payables, net	7	**–**	(47,922)
Gain on deemed disposal of equity interest in an associate	7	**(31,750)**	(1,318)
Share-based payments		**13,768**	–
Interest income		**(17,144)**	(9,177)
Impairment of inventories	18	**–**	1,278
Loss on disposal of property, plant and equipment		**67**	3
Gain on disposal of subsidiaries, net	36	**(30,934)**	(946,862)
Foreign exchange gains, net		**(1,280)**	(4,039)
Loss on reclassification of interest in an associate to financial assets at fair value through profit or loss	16(c)	**286,925**	24,484
Loss on reclassification on derecognition of interest in an associate to profit or loss		**899**	–
Share of losses of associates, net of tax		**2,313**	4,070
Impairment of goodwill	15	**27,900**	24,717
Impairment of loan receivable	9	**3,437**	–
Impairment of other intangible assets	15	**17,658**	–
Impairment of interest in an associate	16(d)	**–**	260,649
Impairment of an available-for-sale investment	14	**1,560**	–
Impairment of trade receivables	19(b)	**–**	9,602
Write-off of property, plant and equipment	13	**109**	646
Loss on disposal of an available-for-sale investment		**547**	–
Operating loss before working capital changes		**(91,949)**	(115,954)
(Increase)/decrease in inventories		**(377)**	4,957
Decrease/(increase) in trade and other receivables		**39,885**	(55,386)
(Decrease)/increase in trade and other payables		**(22,395)**	1,522
Cash used in operations		**(74,836)**	(164,861)

Notes to the Financial Statements

For the year ended 31 December 2017

34. MAJOR NON-CASH TRANSACTIONS

During the year ended 31 December 2017, the Group had the following major non-cash transaction:

On 25 May 2017, 97,500,000 new ordinary shares were issued at an issue price of HK$0.08 per share as the compensation for the consultancy service as detailed in Note 28(g). As market price of the Company's ordinary shares at the date of grant was HK$0.061, share capital of the Company was increased by approximately HK$7,605,000 and share premium accounts of the Company was decreased by approximately HK$1,657,000.

During the year ended 31 December 2016, the Group had the following major non-cash transactions:

(i) On 5 April 2016, the 2014 Convertible Bonds with aggregate principal amount of HK$175,000,000 at the conversion price of HK$0.11 per share whereby a respective total number of 1,590,909,090 ordinary shares were issued. As a result of the conversion, share capital and share premium accounts of the Company increased by approximately HK$124,091,000 and HK$76,580,000 respectively and aggregate of which represents proportional amounts of the derivative component and the liability component at the time of conversion (Note 27(a)).

(ii) On 14 April 2016, 165,291,588 ordinary shares were issued to the vendor of HGGL in respect of the third instalment of consideration for the acquisition of 70% equity interest in HGGL. As the 2015 profit bonus has been achieved, 39,670,172 ordinary shares were issued to the vendor of HGGL to settle the profit bonus payment (Note 27(b)).

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35. 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 36(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% as detailed in Note 16(b), and hence the effective non-controlling interests in HMV Brave became 36.75%.

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35. TRANSACTIONS WITH NON-CONTROLLING INTERESTS (continued)

(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)

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36. 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 (Note 5). 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 (Note 13)	52,342
Intangible assets (Note 15)	75,046
Goodwill (Note 15)	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 (Note 26)	(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 (Note 16(a)(iii))	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 35(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.

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36. DISPOSAL OF SUBSIDIARIES (continued)

(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 (Note 14)	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 (Note 25(a))	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)

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36. DISPOSAL OF SUBSIDIARIES (continued)

(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 (Note 13)	38
Intangible assets (Note 15)	1,417
Goodwill (Note 15)	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 (Note 17(b))	61,239
Net cash outflow arising on disposal:	
Cash and bank balances disposed of	(9,048)

37. ACQUISITION OF SUBSIDIARIES

(a) Acquisition of 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 (Note 13)		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 (Note 15)	(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

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37. ACQUISITION OF SUBSIDIARIES (continued)

(a) Acquisition of AID Japan (continued)

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.

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37. ACQUISITION OF SUBSIDIARIES (continued)

(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 (Note 13)		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 (Note 15)	(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 36(c).

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37. ACQUISITION OF SUBSIDIARIES (continued)

(b) Acquisition of Mystery Apex (continued)

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.

37. ACQUISITION OF SUBSIDIARIES (continued)

(c) Acquisition of GeneSort Group (continued)

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 (Note 13)		1,061
Intangible assets (Note 15)		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 (Note 26)		(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 (Note 15)	(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)

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37. ACQUISITION OF SUBSIDIARIES (continued)

(c) Acquisition of GeneSort Group (continued)

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.

38. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

The Group is exposed to a variety of financial risks, as detailed below, which are managed by the two Executive Directors collectively in close cooperation with the Board of Directors:

(A) Credit risk

The Group's credit risk is primarily attributable to its trade and other receivables arising from default of the counterparty, with a maximum exposure equal to the carrying amounts of these financial assets in the statement of financial position. The Group trades only with recognised and creditworthy third parties on specific terms mutually agreed prior to any business transaction.

Management of the Group closely monitors the credit worthiness of the counterparties to ensure full recovery, including scrutinising their financial position. In this regard, the Directors consider that the Group's credit risk is minimal.

The credit risk on liquid funds is limited because the Group mainly places deposits with leading financial institutions in Hong Kong.

38. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (continued)

(B) Market risk

The Group's activities expose it primarily to the financial risks of changes in foreign currency exchange rates, interest rates and equity prices.

(i) Foreign currency risk management

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

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

The carrying amounts of the Group's foreign currency denominated monetary assets and monetary liabilities, which are subject to foreign exchange risk as at 31 December 2017 and 2016 are summarised as follows:

	2017						
	HK$ denominated HK$'000	US$ denominated equivalent HK$'000	RMB denominated equivalent HK$'000	JPY denominated equivalent HK$'000	NIS denominated equivalent HK$'000	Other currencies equivalent HK$'000	Total HK$'000
ASSETS							
Financial assets at fair value through profit or loss	15,557	18,122	–	–	–	–	33,679
Investments in convertible bonds	60,388	–	–	–	–	–	60,388
Available-for-sale investments	707,603	237,900	10,076	5,550	–	1,754	962,883
Trade and other receivables*	52,492	49,319	15,136	14	–	2	116,963
Cash and cash equivalents	4,463	7,513	19,184	2,641	1,540	17	35,358
	840,503	312,854	44,396	8,205	1,540	1,773	1,209,271
LIABILITIES							
Trade and other payables	(6,126)	–	(7,534)	(486)	(4,482)	(43)	(18,671)
Borrowings	(9,033)	–	–	–	–	–	(9,033)
Convertible bonds	(167,742)	–	–	–	–	–	(167,742)
	(182,901)	–	(7,534)	(486)	(4,482)	(43)	(195,446)
NET TOTAL	657,602	312,854	36,862	7,719	(2,942)	1,730	1,013,825

Notes to the Financial Statements

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38. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (continued)

(B) Market risk (continued)

(i) Foreign currency risk management (continued)

	2016					
	HK$ denominated HK$'000	US$ denominated equivalent HK$'000	RMB denominated equivalent HK$'000	JPY denominated equivalent HK$'000	Other currencies equivalent HK$'000	Total HK$'000
ASSETS						
Financial assets at fair value through profit or loss	7,618	2,340	–	–	–	9,958
Investment in convertible bond	14,362	–	–	–	–	14,362
Available-for-sale investments	–	235,560	–	7,341	1,754	244,655
Trade and other receivables*	135,967	5,579	31,782	37	–	173,365
Short-term deposit with maturity more than three months	23,262	–	–	–	–	23,262
Cash and cash equivalents	10,702	168,355	28,963	3,216	73	211,309
	191,911	411,834	60,745	10,594	1,827	676,911
LIABILITIES						
Trade and other payables	(36,842)	(4,079)	(13,507)	(604)	(33)	(55,065)
Convertible bonds	(154,743)	–	–	–	–	(154,743)
	(191,585)	(4,079)	(13,507)	(604)	(33)	(209,808)
NET TOTAL	326	407,755	47,238	9,990	1,794	467,103

* Excluded from the trade and other receivables of HK$134,040,000 (2016: HK$231,535,000) is an amount of HK$17,077,000 (2016: HK$58,170,000) representing prepayments which are not subject to foreign exchange risk.

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38. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (continued)

(B) Market risk (continued)

(i) Foreign currency risk management (continued)

Sensitivity analysis

The Group is mainly exposed to the effects of fluctuation in JPY, RMB, and NIS (2016: JPY and RMB). Other currencies mainly represented HK$ and US$. Since HK$ is pegged to US$, the Group does not expect any significant movements in US$/HK$ exchange rate. The following table details the Group's sensitivity to a 20% (2016: 20%) increase and decrease in the HK$ against the relevant foreign currencies. 20% is the sensitivity rate used when reporting foreign currency risk internally to key management personnel and represents management's assessment of the reasonably possible change in foreign exchange rates. The sensitivity analysis includes outstanding foreign currency denominated monetary items, and adjusts their translation at the end of the reporting period for a 20% change in foreign currency rates. A positive number below indicates an increase in profit/reduce in loss and increase in other equity where HK$ weaken 20% against the relevant currency. For a 20% strengthening of HK$ against the relevant currency, there would be an equal and opposite impact on the profit and other equity, and the balances below would be negative.

			2017		
Foreign Currency	**At 31 December HK$'000**	**Increase in exchange rate %**	**Effect on loss for the year and equity HK$'000**	**Decrease in exchange rate %**	**Effect on loss for the year and equity HK$'000**
JPY	**7,719**	**20**	**(1,544)**	**20**	**1,544**
RMB	**36,862**	**20**	**(7,372)**	**20**	**7,372**
NIS	**(2,942)**	**20**	**588**	**20**	**(588)**
TOTAL	**41,639**		**(8,328)**		**8,328**

			2016		
Foreign Currency	At 31 December HK$'000	Increase in exchange rate %	Effect on profit for the year and equity HK$'000	Decrease in exchange rate %	Effect on profit for the year and equity HK$'000
JPY	9,990	20	(1,998)	20	1,998
RMB	47,238	20	(9,448)	20	9,448
TOTAL	57,228		(11,446)		11,446

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38. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (continued)

(B) Market risk (continued)

(ii) Interest rate risk management

The Group's interest rate risk mainly arises from borrowings as disclosed in Note 22. Borrowings were issued at fixed rates which expose the Group to interest rate risk. The Group had no cash flow interest rate risk as there are no borrowings which bear floating interest rates. The Group has not used any financial instruments to hedge potential fluctuations in interest rates. The Group's exposure to interest rate risk related primarily to cash balances with banks.

(iii) Fair value measurements recognised in the consolidated statement of financial position

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

- Level 1: quoted prices (unadjusted) in active markets for identical assets or liabilities;

- Level 2: inputs other than quoted prices included within Level 1 that are observable for the asset or liabilities, either directly (i.e. as prices) or indirectly (i.e. derived from prices); and

- Level 3: inputs for the assets or liabilities that are not based on observable market data (unobservable inputs).

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

The financial assets and liabilities measured at fair value in the consolidated statement of financial position are grouped into the fair value hierarchy as follows:

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

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38. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (continued)

(B) Market risk (continued)

(iii) Fair value measurements recognised on the consolidated statement of financial position (continued)

	2016			
	Level 1	Level 2	Level 3	Total
	HK$'000	HK$'000	HK$'000	HK$'000
Financial assets:				
Recurring fair value measurements:				
Financial assets at fair value through profit or loss	–	–	9,958	9,958

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

As the share volatility was derived from the historical prices which typically do not represent current market participant's expectations about future volatility and the fair values of the embedded derivatives in convertible bonds are categorised within level 3 of the fair value hierarchy. The fair value of the financial assets at fair value through profit or loss is level 3 fair value measurement and is estimated by using the Binomial Option Pricing Model as disclosed in Note 25.

The method and valuation techniques used for the purpose of measuring fair value are unchanged compared to the previous reporting periods.

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

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38. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (continued)

(B) Market risk (continued)

(iii) Fair value measurements recognised on the consolidated statement of financial position (continued)

The determination of fair value is based on discount rate which is unobservable. The significant unobservable input and relationship of this input to fair value are shown as below:

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

(a) Financial assets at fair value through profit or loss

	2017	2016
	HK$'000	HK$'000
At 1 January	**9,958**	11,008
Subscription of convertible bonds	**22,987**	–
Investment in bonds	**22,895**	–
Rights to acquire certain Shares of Shrines Sub (Note 36(b))	**–**	2,340
Reclassification from interest in an associate	**603,838**	–
Additions	**110,720**	–
Reclassification to available-for-sale investments	**(710,479)**	–
Disposals	**(8,103)**	–
Gain on bargain purchase	**47,360**	–
Realised gain on disposal	**295**	–
Fair value loss for the year	**(65,792)**	(3,390)
At 31 December	**33,679**	9,958

(b) Financial liabilities at fair value through profit or loss

	2017	2016
	HK$'000	HK$'000
At 1 January	**–**	30,573
Conversion of convertible bonds	**–**	(28,836)
Fair value gain for the year	**–**	(1,737)
At 31 December	**–**	–

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38. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (continued)

(B) Market risk (continued)

(iii) Fair value measurements recognised on the consolidated statement of financial position (continued)

(c) *Contingent consideration payables*

Pursuant to the relevant agreement, the Group is required to pay in cash or by issue or allotment of the Company's shares to the then respective sellers contingent considerations with reference to certain performance indicators as written in the respective agreements with those then sellers.

Accordingly, liabilities in respect of the present value of contingent considerations have been recognised. The contingent considerations are subsequently re-measured at their fair values as a result of change in the expected performance at each reporting date, with any resulting gain or loss recognised in profit or loss. Deferred consideration is subsequently measured at amortised cost.

	2017	2016
	HK$'000	HK$'000
At 1 January	**–**	95,908
Arising from acquisition of subsidiaries	**–**	–
Settlement of contingent consideration	**–**	(48,009)
Total gains or losses:		
— effective interest expense in profit or loss (included in finance costs) (Note 8)	**–**	23
— Gain on remeasurement of contingent consideration payables in profit or loss (included in other net income) (Note 7)	**–**	(47,922)
At 31 December	**–**	–
Total net gains recognised in profit or loss relating to financial instruments held by the Group for the year	**–**	(47,899)

The details of methods and valuation techniques used for the purpose of measuring the fair value of contingent consideration payables are disclosed in Note 36(a)(iii) to the Company's Annual Report 2016.

Notes to the Financial Statements

For the year ended 31 December 2017

38. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (continued)

(C) Liquidity risk

Ultimate responsibility for liquidity risk management rests with the Directors, which has built an appropriate liquidity risk management framework for management of the Group's short, medium and long-term funding and liquidity management requirements. The Group manages liquidity risk by maintaining adequate reserves by continuously monitoring forecast and actual cash flows and matching the maturity profiles of financial assets and liabilities.

Liquidity risk relates to the risk that the Group will not be able to meet its obligations associated with its financial liabilities. Cash management of all operating entities is centralised, including raising of loans to cover expected cash demands. The Group's policy is to regularly monitor current and expected liquidity requirements to ensure that it maintains sufficient reserves of cash to meet its liquidity requirements in short and long terms.

The following table details the Group's remaining contractual maturities for its financial liabilities which are included in the maturity analysis provided internally to the key management personnel for the purpose of managing liquidity risk.

At 31 December 2017

	Less than 1 month or on demand HK$'000	1–3 months HK$'000	3 months– 1 year HK$'000	1–5 years HK$'000	Total contractual undiscounted cash flow HK$'000	Total carrying amount as at 31 December HK$'000
Non-derivatives:						
Trade and other payables*	**(14,795)**	**(864)**	**(1,877)**	**(310)**	**(17,846)**	**(17,846)**
Borrowings	**(30)**	**(59)**	**(267)**	**(9,467)**	**(9,823)**	**(9,033)**
Convertible bonds	**–**	**(2,800)**	**(8,400)**	**(157,414)**	**(168,614)**	**(167,742)**
TOTAL	**(14,825)**	**(3,723)**	**(10,544)**	**(167,191)**	**(196,283)**	**(194,621)**

At 31 December 2016

	Less than 1 month or on demand HK$'000	1–3 months HK$'000	3 months– 1 year HK$'000	1–5 years HK$'000	Total contractual undiscounted cash flow HK$'000	Total carrying amount as at 31 December HK$'000
Non-derivatives:						
Trade and other payables*	(20,737)	(29,966)	(1,945)	(1,170)	(53,818)	(53,818)
Convertible bonds	–	(2,800)	(8,400)	(168,614)	(179,814)	(154,743)
TOTAL	(20,737)	(32,766)	(10,345)	(169,784)	(233,632)	(208,561)

* Excluded from trade and other payables of HK$18,671,000 (2016: HK$55,065,000) is an amount of HK$825,000 (2016: HK$1,247,000) representing provision for payments for long service and unconsumed leave, the settlement which will depend upon either the termination of services of the relevant staff and management discretion respectively, and therefore the liquidity terms cannot be reasonably ascertained.

38. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (continued)

(D) Capital risk management

The Group's objectives when managing capital are:

(a) to safeguard the Group's ability to continue as a going concern, so that it continues to provide returns and benefits for stakeholders;

(b) to support the Group's stability and growth;

(c) to provide capital for the purpose of strengthening the Group's risk management capability; and

(d) to provide capital for purposes of potential mergers and acquisitions.

The Group actively and regularly reviews and manages its capital structure to ensure optimal capital structure and equity holder returns, taking into consideration the future capital requirements of the Group and capital efficiency, prevailing and projected profitability, projected operating cash flows, projected capital expenditures and projected strategic investment opportunities. The Group currently does not adopt any formal dividend policy.

The Directors review the capital structure annually. As part of this review, the Directors assess the annual budget prepared by management of the Company and consider the cost of capital and the risks associated with each class of capital.

The Group is not subject to externally imposed capital requirements, except for a wholly-owned subsidiary, AID Partners Asset Management Limited. This subsidiary met its relevant paid up share capital and liquid capital requirements as stipulated by respective regulators throughout the year.

For capital management purpose, the Directors regard the total equity presented in the face of consolidated statement of financial position as capital. The amount of capital attributable to owners of the Company as at 31 December 2017 was HK$1,139,822,000 (2016: HK$1,467,637,000).

Notes to the Financial Statements

For the year ended 31 December 2017

39. NOTES SUPPORTING CONSOLIDATED STATEMENT OF CASH FLOWS

The table below details changes in the Group's liabilities from financing activities, including both cash and non-cash changes. Liabilities arising from financing activities are liabilities for which cash flows were, or future cash flows will be, classified in the Group's consolidated statement of cash flows as cash flows from financing activities.

	Borrowings (Note 22) HK$	Convertible bonds (Note 24) HK$
As at 1 January 2017	–	154,743
Changes from financing cash flows:		
Proceeds from borrowings	8,895	–
Interests on borrowings	138	12,999
Total changes of cash flows from financing activities and as at 31 December 2017	9,033	167,742

40. PARTICULARS OF PRINCIPAL SUBSIDIARIES

Particulars of principal subsidiaries as at 31 December 2017 are as follows:

Name	Place/Country of incorporation/ establishment	Principal place of operation	Issued share capital	Percentage of attributable interest held by the Group 2017	2016	Principal activities
Action Key Investments Limited	Samoa	N/A	1 ordinary share at US$1 each	**100%**	100%	Investment holding
AID Partners Asset Management Limited	Hong Kong	Hong Kong	ordinary HK$49,005,000	**100%**	100%	Provision of investment advisory and fund management services
Honour Best Holdings Limited	British Virgin Islands	N/A	1 ordinary share at US$1 each	**100%**	100%	Investment holding
Silver Alpine Limited	British Virgin Islands	N/A	1 ordinary share at US$1 each	**100%**	100%	Investment holding
8088 Management Limited	Hong Kong	Hong Kong	ordinary HK$1	**100%**	100%	Provision of corporate services
Complete Star (HK) Limited	Hong Kong	Hong Kong	ordinary HK$10,000	**70%**	70%	Development and operation of mobile games
Valliant Investments Limited	British Virgin Islands	N/A	1 ordinary share at US$1 each	**100%**	100%	Investment holding

Notes to the Financial Statements

For the year ended 31 December 2017

40. PARTICULARS OF PRINCIPAL SUBSIDIARIES (continued)

Name	Place/Country of incorporation/ establishment	Principal place of operation	Issued share capital	Percentage of attributable interest held by the Group 2017	2016	Principal activities
Honestway Global Group Limited	British Virgin Islands	N/A	100 ordinary shares at US$1 each	**100%**	100%	Investment holding
深圳八零八八科技有限公司	The PRC	Shenzhen, the PRC	ordinary HK$12,633,000	**100%**	100%	Investment holding
上海威搜游科技有限公司*	The PRC	Shenzhen, the PRC	ordinary RMB10,000,000	**100%**	100%	Provision of mobile games business in PRC
上海友蝸網絡科技有限公司	The PRC	Shenzhen, the PRC	ordinary RMB2,000,000	**100%**	N/A	Provision of mobile games business in PRC
上海江娛傳播科技有限公司	The PRC	Shenzhen, the PRC	ordinary RMB1,100,000	**51%**	N/A	Provision of real time video streaming business in PRC
AID Partners Autonomous, LP	Cayman Islands	N/A	N/A	**82.3%**	82.3%	Investment holding
Green Admiral Limited	British Virgin Islands	N/A	1 ordinary share at US$1 each	**82.3%**	82.3%	Investment holding
GeneSort International Inc.	British Virgin Islands	N/A	47,994 ordinary shares at US$1 each	**73.7%**	N/A	Investment holding
GeneSort Ltd.	Israel	Israel	41,734 ordinary shares at NIS0.01 each	**73.7%**	N/A	Provision of advanced personalised molecular diagnostic services for cancer evaluation and cure

All of the above principal subsidiaries are limited liability companies and are indirectly held by the Company except for AID Partners Asset Management Limited, Silver Alpine Limited and Honour Best Holdings Limited.

The Directors are of the opinion that a complete list of the particulars of all subsidiaries would be of excessive length and therefore the above list contains only the particulars of the principal subsidiaries which materially affect the results or the assets of the Group.

None of the subsidiaries had any debt securities subsisting at the end of the year or at any time during the year.

* 上海威搜游科技有限公司 is accounted for as a subsidiary through certain Contractual Arrangements (Note 4(ii)).

Notes to the Financial Statements

For the year ended 31 December 2017

41. NON-CONTROLLING INTERESTS

As at 31 December 2017 and 2016, the Group's material non-controlling interests ("NCI") are as follows:

(a) CSL is a 70% indirectly owned subsidiary of the Company. Summarised financial information in relation to the post-acquisition NCI of CSL, before inter-group eliminations, is presented below:

	2017 HK$'000	2016 HK$'000
For the year ended 31 December		
Revenue	**8,077**	13,232
Profit and total comprehensive income for the year, before amortisation and impairment (net of tax)	**286**	345
Loss and total comprehensive income for the year, after amortisation and impairment (net of tax)	**(17,700)**	(6,138)
Loss allocated to NCI	**(5,310)**	(1,842)
Dividend paid to NCI	**–**	2,340
For the year ended 31 December		
Cash outflow from operating activities	**(1,155)**	(618)
Cash inflow from investing activities	**–**	–
Cash inflow from financing activities	**–**	–
Net cash outflow	**(1,155)**	(618)
At 31 December		
Current assets	**5,389**	9,136
Non-current assets	**–**	21,541
Current liabilities	**(61)**	(4,079)
Non-current liabilities	**–**	(3,571)
Net assets	**5,328**	23,027
Accumulated non-controlling interests	**1,598**	6,908

Notes to the Financial Statements

For the year ended 31 December 2017

41. NON-CONTROLLING INTERESTS (continued)

(b) GeneSort International Inc. is a 73.7% indirectly owned subsidiary of the Company, which was acquired on 11 July 2017 as detailed in Note 37(c). Summarised financial information in relation to the post-acquisition NCI of GeneSort Group, before inter-group eliminations, is presented below:

	2017 HK$'000
For the year ended 31 December	
Revenue	–
Loss and total comprehensive income for the year, before amortisation (net of tax)	(8,187)
Loss and total comprehensive income for the year, after amortisation (net of tax)	(9,584)
Loss allocated to NCI	(2,518)
Dividend paid to NCI	–
For the year ended 31 December	
Cash outflow from operating activities	(14,929)
Cash outflow from investing activities	(6,840)
Cash inflow from financing activities	23,400
Net cash inflow	1,631
At 31 December	
Current assets	3,073
Non-current assets	44,028
Current liabilities	(4,482)
Non-current liabilities	(9,055)
Net assets	33,564
Accumulated non-controlling interests	8,820

Notes to the Financial Statements

For the year ended 31 December 2017

42. STATEMENT OF FINANCIAL POSITION OF THE COMPANY

	As at 31 December 2017 HK$'000	As at 31 December 2016 HK$'000
ASSETS AND LIABILITIES		
Non-current assets		
Property, plant and equipment	**–**	125
Interests in subsidiaries	**1,286,994**	1,121,991
Loan to a subsidiary of an associate	**–**	26,142
	1,286,994	1,148,258
Current assets		
Other receivables	**464**	786
Financial assets at fair value through profit or loss	**15,782**	–
Cash and cash equivalents	**5,984**	165,063
	22,230	165,849
Current liabilities		
Other payables	**2,065**	25,628
Net current assets	**20,165**	140,221
Total assets less current liabilities	**1,307,159**	1,288,479

Notes to the Financial Statements

For the year ended 31 December 2017

42. STATEMENT OF FINANCIAL POSITION OF THE COMPANY (continued)

	As at 31 December 2017 HK$'000	As at 31 December 2016 HK$'000
Non-current liabilities		
Convertible bonds	**167,742**	154,743
Net assets	**1,139,417**	1,133,736
EQUITY		
Share capital (Note 27)	**8,352**	722,094
Reserves (Note 28)	**1,131,065**	411,642
Total equity	**1,139,417**	1,133,736

Wu King Shiu, Kelvin
Director

Chan Suet Ngan
Director

Notes to the Financial Statements

For the year ended 31 December 2017

43. 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.

Appendix I

FIVE-YEAR FINANCIAL SUMMARY

The financial information relating to the year ended 31 December 2017 included in this five year summary does not constitute the Company's statutory annual consolidated financial statements for that year but is derived from those financial statements.

	2017	2016	2015	2014	2013
	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000
Financial results					
(Loss)/profit attributable to owners of the Company	**(420,333)**	504,551	(233,146)	(89,666)	(84,452)
Assets and liabilities					
Total assets	**1,399,348**	1,734,875	1,344,807	369,361	106,534
Total liabilities	**(207,692)**	(218,958)	(589,211)	(357,222)	(99,331)
Total equity	**1,191,656**	1,515,917	755,596	12,139	7,203

Appendix II

CORPORATE INFORMATION

Board of Directors

Executive Directors:

Wu King Shiu, Kelvin *Chairman*
Chan Suet Ngan
Hu Kenneth
Qian Alexandra Gaochuan

Non-Executive Directors:

Xu Haohao
Guo Qifei

Independent Non-Executive Directors:

Fong Janie
Matsumoto Hitoshi
Yuen Kwok On

Audit Committee

Yuen Kwok On *Chairman*
Fong Janie
Matsumoto Hitoshi

Remuneration Committee

Yuen Kwok On *Chairman*
Wu King Shiu, Kelvin
Matsumoto Hitoshi

Nomination Committee

Wu King Shiu, Kelvin *Chairman*
Yuen Kwok On
Matsumoto Hitoshi

Company Secretary

Chan Suet Ngan

Compliance Officer

Qian Alexandra Gaochuan

Principal Bankers

East West Bank
The Hongkong and Shanghai Banking Corporation Limited
China Construction Bank (Asia) Corporation Limited

Auditor

BDO Limited

Solicitors

Michael Li & Co.

Registered Office

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Cayman Islands

Share Registrars and Transfer Office

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Wanchai
Hong Kong

Stock Code

GEM 8088