GET HOLDINGS LIMITED
智易控股有限公司*
(Incorporated in the Cayman Islands and continued in Bermuda with limited liability)
(Stock code: 8100)

SUPPLEMENTARY ANNOUNCEMENT ON THE ANNUAL REPORT FOR THE YEAR ENDED 31 DECEMBER 2017

This announcement is made at the request of The Stock Exchange of Hong Kong Limited ("**Stock Exchange**").

Reference is made to the annual report of GET Holdings Limited ("**Company**", together with its subsidiaries, referred to as the "**Group**") for the year ended 31 December 2017 ("**Annual Report**"). Unless otherwise defined, capitalised terms used in this announcement shall have the same meanings as those defined in the Annual Report.

The board of directors ("**Directors**") of the Company ("**Board**") wishes to provide the shareholders of the Company and potential investors with additional information of the Group for the year ended 31 December 2017 as follows:

AVAILABLE-FOR-SALE FINANCIAL ASSETS ("AFS FINANCIAL ASSETS")

As disclosed in the Annual Report, as at 31 December 2017, the Group held the AFS Financial Assets with fair value of approximately HK$37,149,000 (as at 31 December 2016: approximately HK$83,567,000), representing approximately 5.26% of the total assets of the Group (as at 31 December 2016: approximately 5.69% of the total assets). The following table sets out the financial performance of each of the investee companies of the Group based on their respective latest available annual reports or annual results announcements published on the website of the Stock Exchange or newsletters available to investors or audited reports preceding the date of the Annual Report, i.e. 26 March 2018:

* *for identification purposes only*

Name of investee company	Financial performance of the investee company
China Parenting (Stock code: 8361)	As disclosed in the annual report of China Parenting for the year ended 31 December 2016 published on 26 March 2017, for the year ended 31 December 2016, the revenue of the China Parenting Group was approximately RMB84,913,000 (2015: approximately RMB79,774,000), representing an increase of approximately 6.44% compared to that of last year. The China Parenting Group recorded a net profit of approximately RMB41,956,000 for the year ended 31 December 2016 (2015: approximately RMB32,660,000), representing an increase of approximately 28.46% compared to that of last year.
Hydra Capital SPC	Referring to the newsletter of Hydra Capital SPC dated 3 February 2017, Hydra Capital SPC held 20.2% interests in Something Big Technology Holdings Limited, which is a company carrying on the business to publish self-developed games, games licensed from third-party game distributors and/or developers in the PRC as well as overseas locations including Hong Kong, Taiwan, Malaysia, Singapore, Japan and Republic of Korea. The revenue of Hydra Capital SPC for the year ended 31 December 2016 was approximately RMB63,598,000, representing a decrease of approximately 64.18% compared to that of last year. Hydra Capital SPC also recorded a change from a net profit of approximately RMB77,104,000 for the year ended 31 December 2015 to a net loss of approximately RMB7,548,000 for the year ended 31 December 2016.
Convoy Global (Stock code: 1019)	Based on the annual report of Convoy Global for the year ended 31 December 2016 published on 27 April 2017, the Convoy Group's revenue for the year ended 31 December 2016 was approximately HK$1,205,145,000 (2015: approximately HK$604,624,000), representing a year-on-year increase of approximately 99.32%. The Convoy Group recorded a net loss of approximately HK$104,210,000 for the year ended 31 December 2016 (2015: approximately HK$484,140,000), representing a decrease of approximately 78.48% as compared to that of last year. As disclosed in the announcements of Convoy Global dated 7 December 2017 and 1 August 2018, at the request of Convoy Global, trading of its shares on the Stock Exchange was halted since 7 December 2017 and will remain suspended until further notice.

Target Insurance (Stock code: 6161)	As disclosed in the annual results announcement of Target Insurance for the year ended 31 December 2017 published on 22 March 2018, the net insurance premium revenue of the Target Insurance Group increased by approximately 4.72% to approximately HK$361,632,000 (2015: approximately HK$345,329,000). The Target Insurance Group recorded a net profit of approximately HK$20,098,000 for the year ended 31 December 2017 (2016: net loss of approximately HK$4,959,000).
Finsoft (Stock code: 8018)	Based on the annual report of Finsoft for the year ended 31 December 2016 published on 30 March 2017, the Finsoft Group recorded the revenue from its continuing operations of approximately HK$58,207,000 for the year ended 31 December 2016 (2015: approximately HK$49,916,000), representing an increase of 16.61% as compared to that of last year. The net loss of the Finsoft Group from its continuing operations for the year ended 31 December 2016 reached approximately HK$9,001,000, which has substantially decreased by approximately 46.76% as compared to a net loss from its continuing operations of approximately HK$16,906,000 for last year.
GET Mdream	As disclosed in the audited report of GET Mdream for the year ended 31 December 2016, GET Mdream recorded the turnover for the year ended 31 December 2016 of approximately HK$69,487,000 (2015: approximately HK$71,368,000). The net profit of GET Mdream for the year ended 31 December 2016 amounted to approximately HK$1,155,000 (2015: approximately HK$1,933,000).

IMPAIRMENT ON GOODWILL

As disclosed in the Annual Report, the Group recorded an impairment loss on goodwill of approximately HK$182,000,000 (2016: HK$30,000,000) (the "**Impairment**") in relation to the Boom Max Group, i.e. the cash generating unit ("**CGU**") of the Software Business. The impairment loss accounted for approximately 36.46% of the net loss of the Group for the year ended 31 December 2017.

The recoverable amounts of the CGUs were determined on the basis of value in use ("**VIU**") models which require significant estimates concerning future cash flows, and associated discount rates and growth rates assumptions, which are based on the management's expectations of future business performance and prospects. The Group engaged Ascent Partners Valuation Service Limited, an independent valuer, as the valuer to perform the valuation on the CGU of the Software Business of the Group as at 31 December 2017 ("**December 2017 Valuation**"), 30 September 2017 ("**September 2017 Valuation**") and 31 December 2016 ("**December 2016 Valuation**").

The recoverable amount of the CGU of Software Business as at 30 September 2017 attributable to the Group was approximately HK$336,000,000, which was lower than the carrying amount of the CGU attributable to the Group of approximately HK$518,000,000. The goodwill as at 30 September 2017 had been reduced to its recoverable amount through recognition of an impairment loss of approximately HK$182,000,000 on goodwill. The recoverable amount of the CGU attributable to the Group was approximately HK$380,847,000 (2016: HK$526,212,000) as at 31 December 2017, which was higher than the carrying amount of the CGU. Accordingly, the Directors considered that no further impairment loss was required as at 31 December 2017 subsequent to the impairment loss recognised under the September 2017 Valuation.

Additional information on the key assumptions adopted for projected cash flow of the Software Business

Details of the value of inputs

In addition to the information disclosed on pages 25 to 31 and 168 to 171 of the Annual report, set out below are additional information on the valuation method, details of the value of inputs used in the valuation, key assumptions adopted by the valuer for performing the impairment assessment of the Software Business in the December 2017 Valuation, the September 2017 Valuation, and the December 2016 Valuation:

	December 2017 Valuation	**September 2017 Valuation**	**December 2016 Valuation**
Date of valuation:	31 December 2017	30 September 2017	31 December 2016
Valuation target:	Boom Max International Limited and its subsidiaries		
Valuation method:	Discounted cash flow, income approach		
Sum of present value of free cash flow	Approximately US$75.3 million	Approximately US$66.5 million	Approximately US$104 million

		December 2017 Valuation	September 2017 Valuation	December 2016 Valuation
Major value of inputs:				
(i)	Expected average sales growth rate	13.77% from 2018 to 2022	13.77% from 2018 to 2022	14.47% from 2017 to 2021
(ii)	Expected annual gross profit margins range	ranged from 78.26% to 78.30% during the years 2018 to 2022	ranged from 79.66% to 79.71% during the years 2018 to 2022	ranged from 81.62% to 82.00% during the years 2017 to 2021
(iii)	Expected annual net profit margins	ranged from 43.19% to 52.06% during the years 2018 to 2022	ranged from 44.12% to 53.09% during the years 2018 to 2022	ranged from 44.75% to 52.82% during the years 2017 to 2021
(vi)	Corporate tax rate	16.50%	16.50%	16.50%
(v)	Weighted average cost of capital ("**WACC**")	17.67%	19.11%	15.13%
(vi)	Terminal growth rate	3.08%	3.10%	3.28%

The reasons for the significant decrease in the VIU of the September 2017 Valuation compared to the VIU of the December 2016 Valuation are summarised as below:

a. The turnover of the Software Business for the nine months ended 30 September 2017 was dropped by approximately 10.29% as compared to that of the corresponding period in 2016. As the actual beginning turnover value of the projected cash flow of the Forecast Period (i.e. for the years 2018 to 2022) in 2017 declined, the sum of the present value of discounted cash flows also declined.

b. The projected average sales growth rate and gross margin rate for the Forecast Period in 2017 were lower than the projection for the previous forecast period made in 2016, by taking into consideration various factors including but not limited to, the slower-than-expected development pace in the Asian market, the volatility of the global economy, the keen market competition in the I.T market, and the decline in the demand for PCs.

c. The discount rate, which was determined by WACC, increased in the September 2017 Valuation as compared to that of the December 2016 Valuation. The increase of WACC was primarily due to the increase in the Cost of Equity attributed to the rising market risk premium from 9.06% to 14.65%, as shown below:

	December 2017 Valuation	**September 2017 Valuation**	**December 2016 Valuation**
Date of valuation:	31 December 2017	30 September 2017	31 December 2016
Risk-free Rate	1.83%	1.71%	1.97%
Levered Beta	0.963	0.946	0.951
Market Risk Premium	12.56%	14.65%	9.06%
Size Premium	5.60%	5.60%	5.60%
Cost of Equity	19.52%	21.18%	16.19%
Borrowing Rate	7.00%	7.00%	7.00%
Tax Rate	16.50%	16.50%	16.50%
Cost of Debt (after tax)	5.85%	5.85%	5.85%
D/E Ratio	15.60%	15.60%	11.43%
WACC	17.67%	19.11%	15.13%

Reasons for using value in use approach in the valuation

The valuation method of discounted cash flow was adopted for the calculation of the VIU of the CGU of the Software Business. In accordance with Hong Kong Accounting Standard 36 Impairment of Assets, a CGU to which goodwill has been allocated shall be tested for impairment annually, and whenever there is an indication that the CGU may be impaired, by comparing the carrying amount of the CGU, including the goodwill, with the recoverable amount of the CGU, which is the higher of the VIU and the fair value less costs of disposal. Having searched through an international research database, all announcements on the websites of the Stock Exchange, the Shenzhen Stock Exchange and the Shanghai Stock Exchange and the financial reports and publicly available information of listed companies in Hong Kong, limited information of recent transactions of comparable CGU was available for the fair value less costs of disposal to be reliably measured as there was no reasonable basis for making a reliable estimate of the price at which an orderly transaction to sell the CGU would take place between market participants under the then prevailing market condition. The fair value less costs of disposal method was therefore not adopted and the value in use of the CGU of the Software Business was estimated using the discounted cash flow method as its recoverable amount.

The above additional information does not affect other information contained in the Annual Report and the content of the Annual Report remains unchanged.

On behalf of the Board
GET Holdings Limited
Pon Kai Choi Phemey
Chairman and Executive Director

Hong Kong, 20 August 2018

As at the date of this announcement, the Board consists of three executive Directors, namely Mr. Pon Kai Choi Phemey, Mr. Lee Kin Fai, and Mr. Wong Hin Shek, and five independent non-executive Directors, namely Mr. Chan Yung, Mr. Cheng Hong Kei, Professor Lee T.S., Ms. Xiao Yiming and Professor Chui Tsan Kit.

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

This announcement will remain on the GEM website at www.hkgem.com on the "Latest Company Announcements" page for at least 7 days from the date of its publication and on the website of the Company at www.geth.com.hk.