

# **Azure Health Technology Limited**

ABN 31 111 082 485

(Formerly: Moko Social Media Limited)

## **Annual Report**

for the year ended

30 June 2017

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**CORPORATE DIRECTORY**

**AZURE HEALTH TECHNOLOGY LIMITED**

**ABN** 35 111 082 485

**Directors**

Mr Wei Jiang	Non-Executive Chairman
Steven Jiayi Yu	Non-Executive Director
Weidong Chen	Non-Executive Director
Gregory Barry Starr	Non-Executive Director

**Company Secretary**

Gregory Barry Starr

**Registered Office and Principal Place of Business**

Level 45, Suite 03,  
19-29 Martin Place,  
Sydney, NSW, 2003

Ph: (02) 8279 8908

**Postal Address**

Azure Health Technology Limited  
Level 45, Suite 03,  
19-29 Martin Place,  
Sydney, NSW, 2003

**Share Register**

Link Market Services  
Level 12, 680 George Street  
SYDNEY, NSW, 2000  
Ph: 1300 554 474

**Auditors**

Hall Chadwick  
Level 40, 2 Park Street  
SYDNEY, NSW, 2000

**Securities Exchange Listing**

Australian Securities Exchange  
(Home Branch – Perth)  
ASX Code: AZT

## **PRINCIPAL ACTIVITIES**

During the year the principal activity of the consolidated entity was the development and branding of mobile social media networks for tailored audiences to enable mobile communities of large, like minded groups of people to socialize and communicate around their common interests.

## **REVIEW OF OPERATIONS**

Moko Social Media Limited is organized into three operating segments: Mobile Social, Mobile Advertising and Mobile Commerce. Mobile Commerce was sold in March 2016. (2015: three operating segments including Mobile Social, Mobile Advertising and Mobile Commerce).

### **SPECIAL NOTE**

On 31 May 2017, the Company was placed into voluntary administration. The Company subsequently entered a Deed of Company Arrangement ("DOCA") on 7 November 2017 and was then recapitalised and returned to normal trading following the effectuation of the DOCA on 18 December 2018.

The current directors of the Company were all appointed following the recapitalisation and effectuation of the DOCA on 18 December 2018. The previous directors who managed the Company during the Reporting Period covered in this Report all also resigned to facilitate the completion of the recapitalisation.

The current directors of the Company did not participate in the matters discussed in this Review of Operations.

### **THE ACTIVITIES OF THE COMPANY DURING AND SINCE THE REPORTING PERIOD**

Azure Health Technology Limited ("the Company") was named Moko Social Media Limited during the year ended 30 June 2017 and then changed its name to Azure Health Technology Limited on 5 Feb 2019.

The Company was placed into voluntary administration on 31 May 2017. The Company subsequently entered a Deed of Company Arrangement ("DOCA") on 7 November 2017 and was then recapitalised. The effectuation of the DOCA occurred on 18 December 2018.

The current directors of the Company were all appointed following the recapitalisation on 18 December 2018 and the previous directors all subsequently resigned to facilitate the completion of the recapitalisation.

Therefore, the activities of the Company reported here are provided for historical reference.

The current directors of the Company did not participate in the matters prior to the effectuation of the DOCA discussed in this Review of Operations during the Period.

During the year ended 30 June 2017 ("the Period") the Company undertook the following activities:

On 1 June 2017, the Company advised the Australian Securities Exchange ("ASX") that it had appointed Mr Jason Tracy and Tim Henan, of Deloitte Financial Advisory Pty Limited, as Joint and Several Voluntary Administrators ("the Administrators") of the Company pursuant to Section 436A of the Corporations Act 2001.

On 13 June 2017, a meeting of creditors of the company was held. At this meeting, the administrators advised that they would undertake an investigation into the affairs of the Company while a restructuring strategy for the company was pursued.

On 27 June 2017, the Supreme Court of Western Australia approved the application for an extension until 30 October 2017 to convene the second meeting of creditors at which the future of the Company will be determined.

The extension was also unanimously approved at the first meeting of creditors on 13 June 2017.

### **EVENTS SUBSEQUENT TO THE END OF THE REPORTING PERIOD**

In August 2017, a proposed Deed of Company Arrangement (DOCA) was submitted by Trevor Nairn, a party related to Rhonda Nairn (a secured creditor), proposing to recapitalise the company.

On 15 November 2017, a DOCA was signed. However, this DOCA could not be completed.

A proposal from Benelong Capital Partners Ltd (Benelong), for the restructure and recapitalisation of the company via a varied DOCA was submitted on 27 June 2018.

The Creditors agreed to the Benelong Recapitalisation Proposal. A deed of company arrangement was entered in to on 20 August 2018 under which Mr Jason Mark Tracy was appointed Deed Administrator.

## **AZURE HEALTH TECHNOLOGY LIMITED (formerly Moko Social Media Limited)**

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On 15 November 2018, the Administrators and Trevor Nairn executed the DOCA in line with the DOCA proposal put to Creditors on 17 August 2018.

In summary, the Recapitalisation Deed provided for:

- Consolidation of shares and options on a 382 to 1 basis
- Allotment of shares to the secured Creditor (30,655,000 Fully Paid Shares to Rhonda Nairn)
- Allotment of shares to RPK Nominees P/L (1,000,000 shares)
- Allotment of Shares to Mr Wei Jiang (144,000,000 Fully paid shares for \$355,000)
- Appointment of Gregory Barry Starr as Director
- Appointment of Steve Nicols as Director
- Appointment of Greg Cornelson as Director
- Bennelong Capital Partners P/L contributes \$170,000 to meet the costs of the deed administrator and meet the claims of the employees.
- A creditors' trust ("the Creditors' Trust") would be established for the benefit of all pre-Administration creditors of the Company. All remaining claims against the Company will be transferred to the Creditors Trust, thus extinguishing such claims against the Company.
- Shares in the subsidiaries of the company will be transferred to the Creditors trust.

The Revised DOCA was approved by shareholders at the General meeting on 18 December 2018 and the Company was removed from external administration. Following the effectuation of the DOCA, Emma Waldon, Edward Bralower and Malcolm James resigned as directors of the Company. On 18 December 2018, the Board of the Company appointed Mr Greg Barry Starr as Secretary, replacing Emma Waldon who had resigned following the effectuation of the DOCA.

The Company also changed its name on 5 Feb 2019 to Azure Health Technology Limited.

On 15 March 2019, Steve Nicols and Greg Cornelson resigned as Directors and Mr Wei Jiang and Weidong Chen were both appointed as Directors.

On 28 March 2019, Steven Jiayi Yu was appointed as Director.

Under the Australian Securities Exchange Listing rules ASX's policy is to remove from the official list any entity whose securities have been suspended from trading for a continuous period of 3 years. In the company's case, it will have been continuously suspended for 3 years on 25 January 2020, with removal taking effect on 26 January 2020. As per ASX's revised Guidance Note 33 released in April 2019, this policy will be changing as of 3 February 2020, but due to the abovementioned dates, this will not affect AZT's current removal date if its securities remain continuously suspended from trading as at 25 January 2020.

ASX may agree to a short extension of the 3 year deadline for the automatic removal of a long-term suspended entity if the entity can demonstrate to ASX's satisfaction that it is in the final stages of implementing a transaction that will lead to the resumption of trading in its securities. For these purposes, "final stages" means:

- having announced the transaction to the market;
- having signed definitive legal agreements for the transaction (including for any financing required in respect of the transaction);
- if the transaction requires a prospectus or product disclosure statement to be lodged with ASIC, having lodged that document with ASIC and it not being the subject of a stop order or other regulatory action by ASIC;
- if the transaction requires approval by security holders or from a governmental agency or financier, the entity having obtained all such approvals; and
- ASX otherwise being satisfied that the transaction is reasonably capable of being consummated within the period of the extension.

The extension, if granted, will be for no more than 3 months (it may be shorter if ASX considers that the transaction ought to be reasonably capable of being consummated in a lesser period).

There is no certainty that the Company will be requoted.

## **DIRECTORS' REPORT**

Your Directors submit the annual financial report of Azure Health Technology Limited ("Azure" or "the Company") for the financial year ended 30 June 2017. In order to comply with the provisions of the Corporations Act 2001, the Directors report as follows:

### **Directors**

The names of Directors who held office during the financial year and up to the date of this Report are as follows. Directors were in office for this entire period unless otherwise stated.

<b>Name</b>	<b>Appointed</b>
Shripal Shah	Non-Executive Director (Resigned 29 May 2017)
Greg McCann	Non-Executive Director (Resigned 7 October 2016)
Emma Waldon	Non-Executive Director (Resigned 18 December 2018). Company Secretary (Resigned 18 December 2018)
Edward Bralower	Non-Executive Director (Resigned 18 December 2018)
James Ross	Non-Executive Director (Appointed 7 October 2016 and Resigned 17 February 2017)
Malcolm James	Non-Executive Director (Appointed 7 October 2016 and Resigned 18 December 2018)
Gregory Barry Starr	Non-Executive Director (Appointed 18 December 2018) Company Secretary (Appointed 18 December 2018)
Steve Nicols	Non-Executive Director (Appointed 18 December 2018 and resigned 15 March 2019)
Greg Cornelson	Non-Executive Director (Appointed 18 December 2018 and resigned 15 March 2019)
Steven Jiayi Yu	Non-Executive Director (Appointed 28 March 2019)
Mr Wei Jiang	Non-Executive Chairman (Appointed 15 March 2019)
Weidong Chen	Non-Executive Director (Appointed 15 March 2019)

### **Information on Directors**

#### **Mr. Gregory Barry Starr**

##### **Appointed 18 December 2018**

Mr Starr is a certified practicing accountant with a Bachelor of Business (UTS) and is a Member of the Australian Institute of Company Directors. He has over 30 years' experience in corporate and operational financial management. Mr Starr is an experienced public company director holding senior board positions in a number of ASX listed companies over 20 years. Over the past three years Mr Starr has held executive and non-executive positions on ASX listed companies Diatrene Resources Limited, KBL Mining Limited and Dongfang Modern Agricultural Holding Group Limited and BIR Financial Limited.

#### **Mr. Steven Jiayi Yu**

##### **Non-Executive Director**

##### **Appointed 28 March 2019**

Mr Yu has extensive experience in mergers and acquisitions, capital raisings and cross border transactions with ASX companies. He was previously the Chief Executive Officer of ASX listed mining company Anchor Resources Limited (ASX:AHR). As a practicing lawyer he has worked for Norton Rose Fulbright in Beijing and Melbourne, and Deacons and Maddocks Lawyers in Melbourne. MR Yu holds a Bachelor of Laws and Commerce from the University of Melbourne, Master of Laws from Boston University, an Executive MBA from Columbia Business School and a Doctor of Philosophy from the University of Technology Sydney.

#### **Mr Wei Jiang**

##### **Non-Executive Chairman**

##### **Appointed 15 March 2019**

Mr Jiang is an entrepreneur with versatile business skills and a strong track record. As the founder and Chairman of the Hong Kong Lead Capital Group, his work in company restructuring and capital markets is well recognised across different sectors in China, including technology, manufacturing, agriculture and retail. He is engaged by numerous companies to advise on company operational and funding issues.

He has developed a unique system to commercialise startup companies by growing its value through bringing funding, knowledge and resources to companies. Mr Jiang is active in the biotechnology industry and committed to growing company values by his international business network and expertise.

**DIRECTORS' REPORT (Continued)****Weidong Chen****Non-Executive Director****Appointed 15 March 2019**

Mr Chen has extensive experience in the cross-border investment and international trade. Mr Chen has extensive international business experience in advising on and facilitating business negotiations with international counterparties.

**Company Secretary****Emma Waldon****Appointed 1 January 2015 and resigned 18 December 2018**

Ms Waldon was appointed as non-executive director in October 2015 and resigned 18 December 2018.

**Mr Gregory Barry Starr****Appointed 18 December 2018**

Mr Starr was appointed as non-executive director on 18 December 2018. Please refer his details to "Information on directors" as above.

**Meetings of Directors**

The directors at the date of this report were not directors during the reporting period. As a result, this information is not available.

The interest of each current Director in the shares and options of the Company at the date of this report is as follows:

	<b>Number of fully paid ordinary shares</b>	<b>Number of options over ordinary shares</b>
Gregory McCann	15,194,444	15,194,444
Shripal Shah	4,826	27,100,000
Edward Bralower	5,000	25,000,000
Emma Waldon	2,300,000	2,000,000
James Ross	-	-
Malcolm James	-	-
Gregory Barry Starr	-	-
Steve Nicols	-	-
Greg Cornelson	-	-
Steven Jiayi Yu	-	-
Mr Wei Jiang	-	-
Weidong Chen	-	-

**Corporate Structure**

Azure Health Technology Limited is a limited liability Company that is incorporated and domiciled in Australia. Azure Health Technology Limited has no parent entity. The Company has the following subsidiaries:

- 100% ownership in MOKO Mobi Inc. (MOKO Mobi) a US based entity wholly owned by Moko through which Moko's US operations were conducted.
- 94.2% ownership in Tagroom Pty Ltd, a dormant Australian company
- 100% ownership in Paper Tree Limited, a dormant British Virgin Isles based entity.

Moko also has a 10% investment in True Blue Media LLC and Big Teams LLC (Big Teams), both US based entities.

**DIRECTORS' REPORT (Continued)**

**Nature of Operations and Principal Activities**

The nature of operations and principal activities of the entities within the Group are contained in the section headed Review of Operations.

**Review of Operations**

A review of the Company's operations is contained in the section headed Review of Operations.

**Operating Results**

The loss of the Company for the financial year after tax was \$5,567,039 (2016 \$21,541,811).

**Dividends**

No dividends have been paid or declared by the Company since the start of the financial year and up to the date of this report. The Directors do not recommend the payment of a dividend.

**Significant Events After Balance Date**

On 20 August 2017, a proposed DOCA was submitted by Trevor Nairn, a party related to Rhonda Nairn (the secured creditor), proposing to recapitalise the company.

On 15 November 2017, a DOCA was signed. However, this DOCA could not be completed.

A proposal from Benelong Capital Partners Ltd (Benelong), for the restructure and recapitalisation of the company via a varied DOCA was submitted on 27 June 2018.

The Creditors agreed to the Benelong Recapitalisation Proposal. A deed of company arrangement was entered in to on 20 August 2018 under which Mr Jason Mark Tracy was appointed Deed Administrator.

On 15 November 2018, the Administrators and Trevor Nairn executed the DOCA in line with the DOCA proposal put to Creditors on 6 November 2018.

In summary, the Recapitalisation Deed provided that:

- Consolidation of shares and options on a 382 to 1 basis
- Allotment of shares to the secured Creditor (30,655,000 Fully Paid Shares to Rhonda Nairn)
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- Appointment of Gregory Barry Starr as Director
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- Appointment of Greg Cornelson as Director
- Benelong Capital Partners P/L contributes \$170,000 to meet the costs of the deed administrator and meet the claims of the employees.
- A creditors' trust ("the Creditors' Trust") would be established for the benefit of all pre-Administration creditors of the Company. All remaining claims against the company will be transferred to the Creditors trust, thus extinguishing such claims against the company.
- Shares in the subsidiaries of the company will be transferred to the Creditors trust

The Revised DOCA was approved by shareholders at the General meeting on 18 December 2018 and the Company was removed from external administration. Following the effectuation of the DOCA, Emma Waldon, Edward Bralower and Malcolm James resigned as directors of the Company. On 18 December 2018, the Board of the Company appointed Mr Gregory Barry Starr as Secretary, replacing Emma Waldon who had resigned following the effectuation of the DOCA.

The Company also changed its name on 5 Feb 2019 to Azure Health Technology Limited.

On 15 March 2019, Steve Nicols and Greg Cornelson resigned as Directors and Mr Wei Jiang and Weidong Chen are both appointed as Directors.

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## **AZURE HEALTH TECHNOLOGY LIMITED (formerly Moko Social Media Limited)**

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- having announced the transaction to the market;
- having signed definitive legal agreements for the transaction (including for any financing required in respect of the transaction);
- if the transaction requires a prospectus or product disclosure statement to be lodged with ASIC, having lodged that document with ASIC and it not being the subject of a stop order or other regulatory action by ASIC;
- if the transaction requires approval by security holders or from a governmental agency or financier, the entity having obtained all such approvals; and
- ASX otherwise being satisfied that the transaction is reasonably capable of being consummated within the period of the extension.

The extension, if granted, will be for no more than 3 months (it may be shorter if ASX considers that the transaction ought to be reasonably capable of being consummated in a lesser period).

There is no certainty that the Company will be requoted.

### **Likely Developments and Expected Results**

The directors are seeking opportunities in other industries with a view to enhancing Shareholder value. Any significant change in the nature of the Company's activities will require Shareholder approval under ASX Listing Rule 11. The aim is to pursue an appropriate business opportunity against which the Company may be recapitalised and its shares requoted on the Australian Securities Exchange.

### **Environmental Legislation**

The Company is subject to the normal environmental requirements (both State and Federal) applicable to exploration and project development activities in the State of Western Australia and the Northern Territory.

The Directors believe that meeting or exceeding the Company's environmental obligations are a core business function and have instituted corporate policies and practices to ensure the Company strives for environmental best practice.

No environmental breaches have occurred or have been notified by any Government agencies during the year ended 30 June 2017, or subsequent to year end.

### **Indemnification and insurance of Directors and Officers**

The Company has agreed to indemnify all the Directors of the Company for any liabilities to another person (other than the Company or related body corporate) that may arise from their position as Directors of the Company and its controlled entities, except where the liability arises out of conduct involving a lack of good faith.

**DIRECTORS' REPORT (Continued)****REMUNERATION REPORT (AUDITED)**

This report, which forms part of the Directors' Report, outlines the remuneration arrangements in place for Directors and key executives of the Company for the financial year ended 30 June 2017. The information provided in this remuneration report has been audited as required by Section 308(3C) of the Corporations Act 2001.

The remuneration report details the remuneration arrangements for key management personnel who are defined as those persons having authority and responsibility for planning, directing and controlling the major activities of the Company, directly or indirectly.

The following persons acted as Directors during or since the end of the financial year:

<b>Name</b>	<b>Appointed</b>
Shripal Shah	Non-Executive Director (Resigned 29 May 2017)
Greg McCann	Non-Executive Director (Resigned 7 October 2016)
Emma Waldon	Non-Executive Director (Resigned 18 December 2018). Company Secretary (Resigned 18 December 2018)
Edward Bralower	Non-Executive Director (Resigned 18 December 2018)
James Ross	Non-Executive Director (Appointed 7 October 2016 and Resigned 17 February 2017)
Malcolm James	Non-Executive Director (Appointed 7 October 2016 and Resigned 18 December 2018)
Gregory Barry Starr	Non-Executive Director (Appointed 18 December 2018), Company Secretary (Appointed 18 December 2018)
Steve Nicols	Non-Executive Director (Appointed 18 December 2018 and resigned 15 March 2019)
Greg Cornelson	Non-Executive Director (Appointed 18 December 2018 and resigned 15 March 2019)
Steven Jiayi Yu	Non-Executive Director (Appointed 28 March 2019)
Mr Wei Jiang	Non-Executive Chairman (Appointed 15 March 2019)
Weidong Chen	Non-Executive Director (Appointed 15 March 2019)

Except as noted, the named persons held their current position for the whole of the financial year and since the end of the financial year.

**A. Remuneration philosophy**

The performance of the Company depends upon the quality of the Directors and executives. The philosophy of the Company in determining remuneration levels is to:

- set competitive remuneration packages to attract and retain high calibre Directors and employees;
- link executive rewards to shareholder value creation; and
- establish appropriate performance hurdles for variable executive remuneration.

The Nomination and Remuneration Committee of the Board of Directors of the Company is responsible for reviewing compensation arrangements for the Directors and senior executives and making recommendations to the Board.

The Nomination and Remuneration Committee assesses the appropriateness of the nature and amount of remuneration of Directors and senior executives on a periodic basis by reference to relevant employment market conditions, with an overall objective of ensuring maximum stakeholder benefit from the retention of a high quality Board and executive team.

*Remuneration structure*

In accordance with best practice Corporate Governance, the remuneration structure of non-executive Directors, senior managers and executive remuneration is separate and distinct.

*Non-executive director remuneration*

The Board seeks to set aggregate remuneration at a level that provides the Company with the ability to attract and retain Directors of the highest calibre, whilst incurring a cost that is acceptable to shareholders.

The amount of aggregate remuneration sought to be approved by shareholders and the manner in which it is apportioned amongst Directors is reviewed annually. The Board considers advice from external sources as well as the fees paid to non-executive Directors of comparable companies when undertaking the annual review process.

Each non-executive director was entitled to receive a fee for being a director of the Company during the Reporting Period but payment of these fees was temporarily deferred to conserve cash. These amounts were inclusive of superannuation where applicable.

**DIRECTORS' REPORT (Continued)**

As the company was in administration, the remuneration of individual non-executive Directors for the year ended 30 June 2017 is unavailable.

*Senior Manager and Executive Director Remuneration*

The Company has a system of remuneration for its senior management that consists of fixed remuneration and variable remuneration (comprising short-term and long-term incentive schemes).

*Fixed Remuneration*

Fixed remuneration is reviewed annually by the Remuneration Committee. The process consists of a review of relevant comparative remuneration in the market and internally and, where appropriate, external advice on policies and practices. The Committee has access to external, independent advice where necessary.

Senior managers are given the opportunity to receive their fixed (primary) remuneration in a variety of forms including cash and fringe benefits such as motor vehicles and expense payment plans. It is intended that the manner of payment chosen will be optimal for the recipient without creating undue cost for the Company.

*Variable Remuneration*

In normal circumstances, the Company would implement variable remuneration in the form specified below but as the business of Company is currently being reorganised there is no variable remuneration component currently in place or otherwise planned at this time.

The Company's variable remuneration policy would be structured around short and long-term incentives as follows:

The objective of the short-term incentive program is to link the achievement of the Company's operational targets with the remuneration received by the executives charged with meeting those targets. The total potential short term incentive available would be set at a level so as to provide sufficient incentive to the senior manager to achieve the operational targets and such that the cost to the Company is reasonable in the circumstances.

The Company will introduce a long term incentive plan to reward Directors, employees and certain consultants in a manner that aligns this element of remuneration with the creation of shareholder wealth.

*Employment Contracts*

At 30 June 2017, there were no senior executive employment contracts in place.

*Performance Based Remuneration*

There was no performance based remuneration paid to directors during the financial year.

**B. Remuneration of Key Management Personnel**

The directors at the date of this report were not directors during the reporting period. As a result, this information is not available.

*Amounts of remuneration*

Details of the remuneration of the directors and any other key management personnel (defined as those who have the authority and responsibility for planning, directing and controlling the major activities of the Consolidated Entity) and specified executives of MOKO Social Media Limited and the Group are set out in the following tables.

Key management personnel of the Consolidated Entity consisted of the directors and Managing Director of MOKO Social Media Limited for the financial year ended 30 June 2017:

- Jeff White - Non-Executive Director (until 17 November 2015)
- Leo Hindery Jr - Non-Executive Director (until 14 April 2016)
- Diana Rhoten - Non-Executive Director (from 1 October 2015 until 14 April 2016)
- Mark Hauser - Non Executive Director (until 24 May, 2016)
- Ian Rodwell - Chief Executive Officer and Managing Director (until 18 February 2016)
- Greg McCann - Non-Executive Chairman (until 7 October 2016)
- James Ross - Non-Executive Director (from 1 October 2015, until 17 February 2017)
- Shripal Shah - Managing Director & CEO (from 16 May 2016, until 29 May 2017)
- E Bralower - Non-Executive Director (from 30 June 2016, until 18 December 2018)
- Malcolm James - Non-Executive Director (Appointed 7 October 2016, until 18 December 2018)
- Emma Waldon - Company Secretary (from 1 January 2015), Non-Executive Director (from 1 October 2015, until 18 December 2018)

**AZURE HEALTH TECHNOLOGY LIMITED (formerly Moko Social Media Limited)**
**DIRECTORS' REPORT (Continued)**

2017	SHORT-TERM				POST-EMPLOYMENT		SHARE-BASED		Total \$
	Salary & Fees	Bonus	Termination	Other	Super-annuation	Retirement benefits	Performance Shares	Options / ADS shares	
<i>Non-Executive Directors</i>									
G McCann	#	#	#	#	#	#	#	#	#
E Bralower		#	#	#	#	#	#	#	#
J Ross		#	#	#	#	#	#	#	#
M James		#	#	#	#	#	#	#	#
<i>Executive Directors</i>									
S Shah	#	#	#	#	#	#	#	#	#
<i>Other Key Management Personnel</i>									
E Waldon	#	#	#	#	#	#	#	#	#
<b>TOTAL</b>	<b>#</b>	<b>#</b>	<b>#</b>	<b>#</b>	<b>#</b>	<b>#</b>	<b>#</b>	<b>#</b>	<b>#</b>

# As the company was in administration and the current directors were not in office for the 2017 year, the remuneration details of the Directors for the year ended 30 June 2017 is not available.

2016	SHORT-TERM				POST-EMPLOYMENT		SHARE-BASED		Total \$
	Salary & Fees	Bonus	Termination	Other	Super-annuation	Retirement benefits	Performance Shares	Options / ADS shares	
<i>Non-Executive Directors</i>									
G McCann	102,740	-	-	-	9,760	-	310,074	-	<b>422,574</b>
M Hauser	75,665	-	-	-	-	-	-	72,857	<b>148,522</b>
J White	12,177	-	-	-	1,157	-	-	-	<b>13,334</b>
L Hindery	43,708	-	-	-	-	-	-	72,857	<b>116,565</b>
R Diana	29,922	-	-	-	-	-	-	37,502	<b>67,424</b>
E Bralower	-	-	-	-	-	-	-	-	-
<i>Executive Directors</i>									
I Rodwell	361,047	-	204,523	89,330	-	-	-	102,493	<b>757,393</b>
S Shah	151,447	32,621	-	330	-	-	-	753	<b>185,151</b>
<i>Other Key Management Personnel</i>									
E Waldon	71,969	-	-	-	6,832	-	-	55,771	<b>134,572</b>
<b>TOTAL</b>	<b>848,675</b>	<b>32,621</b>	<b>204,523</b>	<b>89,660</b>	<b>17,749</b>	<b>-</b>	<b>310,074</b>	<b>342,233</b>	<b>1,845,535</b>

The performance linked and fixed proportions of remuneration are as follows:

Name	Fixed remuneration		STI		LTI	
	2017	2016	2017	2016	2017	2016
<i>Non-Executive Directors</i>						
G McCann	#	27%	#	-	#	73%
P Yates	#	-	#	-	#	-
J De Back	#	-	#	-	#	-
M Hauser	#	51%	#	-	#	49%
J White	#	100%	#	-	#	-
L Hindery	#	37%	#	-	#	63%
R Diana	#	44%	#	-	#	56%
E Bralower	#	-	#	-	#	-

**DIRECTORS' REPORT (Continued)**

Executive Directors	#		#		#	
I Rodwell	#	86%	#	-	#	14%
S Shah	#	82%	#	18%8	#	-
<i>Other Key Management Personnel</i>						
E Waldon	#	59%	#	-	#	41%
A W Bursill	#	-	#	-	#	-

# As the company was in administration and the current directors were not in office for the 2017 year, the remuneration details of the Directors for the year ended 30 June 2017 is not available.

**C. Share-based compensation**

The share based LTI compensation issued to Directors and other key management personnel is as follows:

*Options over Ordinary Shares*

Details of options over ordinary shares issued to directors and any other key management personnel as part of compensation during the year ended 30 June 2017 are set out below:

Name	Number of options granted during the year		Number of options vested during the year	
	2017	2016	2017	2016
I Rodwell	-	12,000,000	-	5,250,000
M Hauser	-	3,000,000	-	3,000,000
L Hindery	-	3,000,000	-	3,000,000
D Rhoten	-	2,000,000	-	2,000,000
E Waldon	-	2,000,000	-	2,000,000
S Shah <sup>(1)</sup>	-	2,000,000	-	1,000,000
G McCann	-	-	-	-
J Ross	-	-	-	-
E Bralower	-	-	-	-
M James	-	-	-	-
<b>Total</b>	-	<b>24,000,000</b>	-	<b>16,250,000</b>

(1) The options were issued to Shirpal as part of compensation of interim CEO before he was appointed as a managing director in May 2016.

The terms and conditions of each grant of options affecting remuneration of directors and any other key management personnel in this financial year or future reporting years are as follows:

Option series	Numbers of options issued	Grant date	Vesting date and exercisable date	Expiry date	Exercise Price	Fair value per option at grant date
Director	2,000,000	1-Oct-15	27-Nov-15	27-Nov-18	\$0.15	\$0.11
Interim CEO	1,000,000	28-Apr-16	28-Apr-16	28-Apr-18	\$0.02	\$0.01
Interim CEO	1,000,000	28-Apr-16	Vesting condition <sup>(1)</sup>	28-Apr-18	\$0.03	\$0.01
Total	4,000,000					

(1) The options shall vest upon the earlier of the nine (9) month anniversary of the Interim CEO Commencement Date or a change of control and shall expire on the twenty-four (24) month anniversary of the Interim CEO Commencement Date.

Options granted carry no dividend or voting rights.

## AZURE HEALTH TECHNOLOGY LIMITED (formerly Moko Social Media Limited)

### DIRECTORS' REPORT (Continued)

American Depositary Shares under options (where one ADS = 40 Ordinary shares)

Option series	Numbers of options issued	Numbers of ADS option issued	Grant date	Vesting date and exercisable date	Expiry date	Exercise Price per ADS	Fair value per option at grant date
Director	6,000,000	150,000	1-Sep-15	27-Nov-16 <sup>(2)</sup>	27-Nov-19	US\$5.35	US\$3.41
Director	6,000,000	150,000	1-Sep-15	27-Nov-17 <sup>(2)</sup>	27-Nov-20	US\$5.35	US\$3.41
Director	6,000,000	150,000	1-Sep-15	27-Nov-15	27-Nov-18	US\$3.55	US\$3.41
Director	2,000,000	50,000	1-Oct-15	27-Nov-15	27-Nov-18	US\$3.55	US\$3.10
<b>Total</b>	<b>20,000,000</b>	<b>500,000</b>					

(2) Vesting share price hurdle of Share price performance hurdle: options will only vest if the volume weight average price (VWAP) of the Company's ADSs over a 30 Trading Day period exceeds US\$8.00.

Options granted carry no dividend or voting rights.

#### Performance Shares

No Performance Shares were granted to directors and other key management personnel as part of compensation during the year ended 30 June 2017 (2016: Nil).

The value of options over ordinary shares granted, exercised and lapsed and of Performance Shares for directors and any other key management personnel during the year ended 30 June 2017 are set out below:

	Value of options granted during the year	Value of options lapsed during the year	Value of Performance Shares amortised during the year	Remuneration consisting of options during the year
	\$	\$	\$	%
G McCann	#	#	#	#
S Shah	#	#	#	#
I Rodwell	#	#	#	#
M Hauser	#	#	#	#
L Hindery	#	#	#	#
D Rhoten	#	#	#	#
E Waldon	#	#	#	#
<b>Total</b>	#	#	#	#

# As the company was in administration and the current directors were not in office for the 2017 year, the remuneration details of the Directors for the year ended 30 June 2017 is not available.

**DIRECTORS' REPORT (Continued)**

**D. Additional disclosures relating to key management personnel**

The number of shares in the company held during the financial year by each director and other members of key management personnel of the consolidated entity, including their personally related parties, is set out below:

<b>Ordinary shares</b>	<b>Balance at start of the year / on appointment</b>	<b>Granted as remuneration</b>	<b>On exercise of options</b>	<b>Bought</b>	<b>Sold</b>	<b>Balance at end of the year / on resignation</b>
2017						
G McCann	31,138,888	-	-	-	-	31,138,888
S Shah	193,040	-	-	-	-	193,040
E Waldon	2,300,000	-	-	-	-	2,300,000
E Bralower	200,000	-	-	-	-	200,000
J Ross	-	-	-	-	-	-
M James	-	-	-	-	-	-
	<b>33,831,928</b>	-	-	-	-	<b>33,831,928</b>

The numbers of options over ordinary shares in the Company held during the financial year by each director of the Company and other key management personnel of the Company, including their personally related parties, are set out below.

<b>Options over ordinary shares</b>	<b>Balance at the start of the year / on appointment</b>	<b>Granted during the year as compensation</b>	<b>Exercised during the year</b>	<b>Lapsed during the year</b>	<b>Forfeited/</b>	<b>Balance at the end of the year / on resignation</b>
					<b>Other changes</b>	
2017						
G McCann	5,000,000	-	-	-	-	5,000,000
S Shah	6,700,000	-	-	-	-	6,700,000
E Waldon	2,000,000	-	-	-	-	2,000,000
E Bralower	-	-	-	-	-	-
J Ross	-	-	-	-	-	-
M James	-	-	-	-	-	-
	<b>13,700,000</b>	-	-	-	-	<b>13,700,000</b>

**E. Other transactions and balances with Key Management Personnel**

There were no other transactions or balances with Key Management Personnel.

**This concludes the Remuneration Report (Audited).**

**DIRECTORS' REPORT (Continued)**

**Proceedings on Behalf of the Company**

During the Reporting Period, no person applied for leave of Court to bring proceedings on behalf of the Company or intervene in any proceedings to which the Company is a party for the purpose of taking responsibility on behalf of the Company for all or any part of those proceedings.

The Company was not a party to any such proceedings during the year.

**Directors' Meetings**

The directors at the date of this report were not directors during the reporting period. As a result, this information is not available.

**Auditor Independence and Non-Audit Services**

The directors are satisfied that the provision of non-audit services during the financial year, by the auditor (or by another person or firm on the auditor's behalf), is comparable with the general standard of independence for auditors imposed by the Corporations Act 2001

The directors are of the opinion that these services do not compromise the external auditor's independence requirements of the Corporations Act 2001 for the following reasons:

- all non-audit services have been reviewed and approved to ensure that they do not impact the integrity and objectivity of the auditor, and
- none of the services undermine the general principles relating to auditor independence as set out in APES 110 Code of Ethics for Professional Accountants issued by the Accounting Professional and Ethical Standards Board, including reviewing or auditing the auditor's own work, acting in a management or decision-making capacity for the company, acting as advocate for the company or jointly sharing economic risks and rewards.

There are no officers of the Company who are former Hall Chadwick audit partners.

Section 307C of the Corporations Act 2001 requires our auditors, Hall Chadwick, to provide the Directors of the Company with an Independence Declaration in relation to the audit of the Financial Report. This Independence Declaration is set out on page 25 and forms part of this Directors' report for the year ended 30 June 2017.

There were no non-audit services provided by our auditors, Hall Chadwick.

Signed in accordance with a resolution of the Directors.



.....  
Wei Jiang  
Chairman  
SYDNEY, New South Wales  
19 July 2019



**DIRECTORS' REPORT (Continued)**

**CORPORATE GOVERNANCE STATEMENT**

This statement is current as at [Date of this Report].

Azure Health Technology Limited, formerly known as MOKO Social Media Limited (the Company) and its controlled entities (the Group) have adopted the corporate governance framework and practices set out in this statement.

The framework and practices have been in place throughout the financial year ended 30 June 2017 and comply with the 3rd edition of the ASX Corporate Governance Council's Corporate Governance Principles and Recommendations (Recommendations), unless otherwise stated. Consistent with the Company's approach to sound corporate governance, opportunities for improvement are regularly considered.

This statement has been approved by the Board, and the information provided remains current as at the date of this report.

**Principle 1: Lay solid foundations for management and oversight**

***Recommendation 1.1-A listed entity should disclose (a) the respective roles and responsibilities of its board and management; and (b) those matters expressly reserved to the board and those delegated to management***

The primary responsibilities of the Board include:

- Establishing the strategic direction, long term goal setting and performance oversight for the Company;
- Ensuring that the Company has implemented adequate internal controls together with appropriate monitoring of compliance activities;
- The review and adoption of annual budgets for the financial performance of the Company and monitoring the results on a quarterly basis;
- The approval of the annual and half-yearly financial report, and quarterly cash statements (as long as required);
- Ensuring that the Company is able to pay its debts as and when they fall due;
- Approving the appointment, retention and termination of the Managing Director and Company Secretary;
- Monitoring senior executives' performance and implementation of strategy, ensuring that appropriate resources are made available;
- Approving the appointment of Directors to the Board ensuring an appropriate balance of skills and experience and that new Directors are properly inducted;
- Reviewing, ratifying and monitoring systems of risk management and internal control and the Code of Conduct;
- Overseeing the continuous disclosure process to ensure timely and balanced disclosures;
- Approving and monitoring major capital expenditure, capital management, and acquisitions and divestitures;
- Approving and monitoring other reporting to shareholders; and
- Approving the issue of shares or other securities in the Company

It is the responsibility of senior management to manage the Company in accordance with the direction and delegations of the Board. While the Company is pursuing its requote on the Australian Securities exchange, the Board has temporarily delegated authority over the day-to-day management of the Company and its operations to Director Mr. Steven Yu and Director/Company Secretary Mr. Greg Starr. This delegation of authority includes responsibility, and accountability to the Board, for:

- developing business plans, budgets and strategies for consideration by the Board and, to the extent approved by the Board, implementing these plans, budgets and strategies;
- operating the business within the parameters set by the Board from time to time, and keeping the Board informed of material developments in the businesses;
- where proposed transactions, commitments or arrangements exceed the parameters set by the Board, referring the matter to the Board for its consideration and approval;

**DIRECTORS' REPORT (Continued)**

- identifying and managing operational and other risks and, where those risks could have a material impact on the business, formulating strategies for managing these risks for consideration by the Board;
- managing financial and other reporting mechanisms and control and monitoring systems to ensure that these mechanisms and systems capture all relevant material information on a timely basis and are functioning effectively;
- ensuring that the Board is provided with sufficient information on a timely basis, in particular with respect to performance, financial condition, operating results and prospects, to enable the Board to fulfil its governance responsibilities; and
- implementing the policies, processes, procedures and codes of conduct approved by the Board.

The Audit Committee and Compensation Committee have also been referred responsibilities by the Board as set out in each Committee's Charter.

***Recommendation 1.2 - A listed entity should (a) undertake appropriate checks before appointing a person, or putting forward to security holders a candidate for election as a director; and (b) provide security holders with all material information in its possession relevant to a decision on whether or not to elect or re-elect a director.***

Prior to the appointment of a person, or putting forward to security holders a candidate for election, as a director, the Company undertakes checks which it believes are appropriate to verify a director's character, experience, education, criminal record and bankruptcy history including:

- for new directors, background and reference checking; and
- for new directors and for all directors annually (including those put forward for election), requiring the person to complete and sign a questionnaire providing and verifying information in relation to the person's directorships, bankruptcy history, criminal history and any potential conflicts of interests.

The Company ensures that all material information in its possession relevant to a shareholder's decision whether to elect or re-elect a director, including the information referred to above, is provided to shareholders in the Company's Notice of Annual General Meeting.

***Recommendation 1.3 - A listed entity should have a written agreement with each director and senior executive setting out the terms of their appointment.***

Each director and senior executive of the Company has an agreement in writing with the Company which sets out the key terms and conditions of their appointment including their duties, rights and responsibilities.

***Recommendation 1.4 - The company secretary of a listed entity should be accountable directly to the board, through the chair, on all matters to do with the proper functioning of the board.***

The Company Secretary has a direct line of reporting to the Chairman and is responsible for:

- advising and supporting the Chairman and the Board and its committees to manage the day to day governance framework of the Company;
- assisting with Board effectiveness by monitoring whether applicable Board and committee policies, procedures and charters are followed and coordinating timely completion and dispatch of Board agendas and papers; and
- assisting with all matters to do with the proper functioning of the Board including advising on governance matters and assisting with the induction and professional development of directors.

***Recommendation 1.5 - A listed entity should: (a) have a diversity policy which includes requirements for the board or a relevant committee of the board to set measurable objectives for achieving gender diversity and to assess annually both the objectives and the entity's progress in achieving them; (b) disclose that policy or a summary of it; and (c) disclose as at the end of each reporting period the measurable objectives for achieving gender diversity set by the board or a relevant committee of the board in accordance with the entity's diversity policy and its progress towards achieving them, and either: (i) the respective proportions of men and women on the board, in senior executive positions and across the whole organisation (including how the entity has defined "senior executive" for these purposes); or (ii) if the entity is a "relevant employer" under the Workplace Gender Equality Act, the entity's most recent "Gender Equality Indicators", as defined in and published under that Act.***

The Company is at variance with Recommendation 1.5 in that it has not yet established a diversity policy nor set or disclosed measurable objectives for achieving gender diversity. Due to the size of the Company and the industry in which it operates, the Board does not deem it practical to limit the Company to specific targets for gender diversity as it operates in a very

**DIRECTORS' REPORT (Continued)**

competitive labour market where positions are sometimes difficult to fill. However, every candidate suitably qualified for a position has an equal opportunity of appointment regardless of gender, age, ethnicity or cultural background. The directors also believe that diversity is a relevant consideration for constitution of an effective Board, as discussed at Recommendation 2.2. The Board will give consideration to complying Recommendation 1.5 as the size and scope of the business grows.

The proportion of women within the organisation as at the end of the last 2 financial years ended 30 June are as follows:

	<b>2017</b>	<b>2016</b>
	<b>%</b>	<b>%</b>
Women employees in the whole organisation	-	21%
Women in senior executive positions	-	-
Women on the Board of Directors	-	25%

"Senior executive" means the Managing Director and Chief Executive Officer of the Company once one is appointed by the Board.

**Recommendation 1.6 - A listed entity should: (a) have and disclose a process for periodically evaluating the performance of the board, its committees and individual directors; and (b) disclose, in relation to each reporting period, whether a performance evaluation was undertaken in the reporting period in accordance with that process.**

The performance of the Board and individual Directors is reviewed as part of the ordinary course of meetings of the Directors held during each year. The performance of the Audit and Compensation Committees is evaluated annually, against the charters of those committees. The Compensation Committee assists the Board as required with the evaluation of performance of directors (including the Managing Director).

**Recommendation 1.7 - A listed entity should: (a) have and disclose a process for periodically evaluating the performance of its senior executives; and (b) disclose, in relation to each reporting period, whether a performance evaluation was undertaken in the reporting period in accordance with that process.**

The performance of the Managing Director is monitored on an ongoing basis by the Non-Executive Directors with the assistance of the Compensation Committee as required. The performance evaluation takes into account business and personal targets for the year.

**Principle 2: Structure the board to add value**

**Recommendation 2.1 - The board of a listed entity should: (a) have a nomination committee which: (i) has at least three members, a majority of whom are Independent directors; and (ii) is chaired by an independent director, and disclose: (iii) the charter of the committee; (iv) the members of the committee; and (v) as at the end of each reporting period, the number of times the committee met throughout the period and the individual attendances of the members at those meetings; or (b) if it does not have a nomination committee, disclose that fact and the processes it employs to address board succession issues and to ensure that the board has the appropriate balance of skills, knowledge, experience, independence and diversity to enable it to discharge its duties and responsibilities effectively.**

The Company does not presently have a Nomination Committee. Due to the size and nature of the activities of the Company, the nomination of new Directors is conducted by the Board by way of ongoing review and discussion in relation to experience deficiencies that may exist within the existing board structure.

The Board considers the following factors when selecting new Directors and when recommending Directors to shareholders for appointment or re-election:

- The aim of having a majority of independent Directors on the Board and of having an independent Non-Executive Chairman;
- That between them, the Directors have appropriate range of skills, expertise, experience and diversity to discharge the Board's mandate;
- That each individual Board member has sufficient time to meet his/her commitments as a Director of the Company;
- The duration of each existing Director's tenure, noting the retirement provisions of the Constitution; and
- Whether the size of the Board is appropriate to facilitate effective discussions and efficient decision making.

The nomination of existing Directors for re-appointment is not automatic and is contingent on performance and the current and future needs of the Company.

**DIRECTORS' REPORT (Continued)**

***Recommendation 2.2 - A listed entity should have and disclose a board skills matrix setting out the mix of skills and diversity that the board currently has or is looking to achieve in its membership.***

The skill and diversity attributes outlined below have been identified as the optimum attributes the Company seeks to achieve across its Board membership:

- media industry expertise, in particular in the United States;
- technical expertise (including finance and legal);
- high level of business acumen;
- ability to think strategically;
- governance experience and expertise, including an understanding of legal, ethical and fiduciary duties;
- investor relations expertise, in both Australia and the United States; and
- diversity including gender.

The Board aspires to have a Board comprised of individuals diverse in gender, geographic location, culture, background, perspectives and experience and is mindful of this when making Director appointments.

Further details regarding the skills and experience of each Director during the 2017 Financial Year is set out in the Directors Report in the 2016 Annual Report.

***Recommendation 2.3 - A listed entity should disclose: (a) the names of the directors considered by the board to be independent directors; (b) if a director has an interest, position, association or relationship of the type described in Box 2.3 but the board is of the opinion that it does not compromise the independence of the director, the nature of the interest, position, association or relationship in question and an explanation of why the board is of that opinion; and (c) the length of service of each director.***

The Board regularly assesses the independence of its Non-Executive Directors. For this purpose an independent Director is a Non-Executive Director whom the Board considers to be independent of management and free of any interest, business or other relationship that could materially interfere with - or could reasonably be perceived to materially interfere with - the Director's capacity to bring an independent judgement to bear on issues before the board and to act in the best interests of the entity and its security holders generally, and who:

1. is not a substantial shareholder of the Company, is not an officer of, or is not otherwise associated with a substantial shareholder;
2. within the last three years, has not been employed in an executive capacity by the Company or another Group member;
3. within the last three years, has not been a principal of a material professional advisor or a material consultant to the Company or another Group member, or an employee materially associated with the service provided;
4. is not a material supplier to, or customer of, the Company or another Group member, or an officer of or otherwise associated directly or indirectly with a material supplier or customer;
5. has no material contractual relationship with the Company or another Group member, other than as a Director; and has not been a Director of the Company for such a period of time that their independence may have been compromised.

Wei Jiang and Greg Starr are not considered independent. Wei Jiang is the major shareholder of the Company, Greg Starr is the Company Secretary. It is noted that while Steven Yu's appointment is expected to be Independent in the longer term, he is temporarily participating in the management of the company during the requote process and is not currently Independent.

***Recommendation 2.4 - A majority of the board of a listed entity should be independent directors.***

As at the date of this report the majority of the Company's Board is not considered independent as outlined above in Recommendation 2.3. The Company may seek to appoint additional independent Directors in the future to address the lack of independence of its Directors.

***Recommendation 2.5 - The chair of the board of a listed entity should be an independent director and, in particular, should not be the same period as the CEO.***

**DIRECTORS' REPORT (Continued)**

The Chairman of the Company is Wei Jiang. Given the size of the Company and its status as at the date of this report there is currently no Chief Executive Officer. The Company intends to appoint a suitable candidate at an appropriate time.

**Recommendation 2.6 - A listed entity should have a program for Inducting new directors and provide appropriate professional development opportunities for directors to develop and maintain the skills and knowledge needed to perform their role as directors effectively.**

All new directors are provided with an induction including meetings with the Chairman and other Directors and provision of information on the Company including Company and Board policies and other material documents. The Company Secretary and Chairman oversees the induction of new Directors.

All directors are expected to maintain the skills required to effectively discharge their obligations to the Company. Directors are encouraged to undertake continuing professional education and, if this involves industry seminars and approved education courses, where appropriate, this is paid for by the Company. With the prior approval of the Chairman, each Director has the right to seek independent legal and other professional advice at the Company's expense concerning any aspect of the Company's operations in order to fulfill their duties and responsibilities as Directors. All Directors have access to the Company Secretary.

**Principle 3: Act ethically and responsibly**

**Recommendation 3.1 - A listed entity should: (a) have a code of conduct for its directors, senior executives and employees; and (b) disclose that code or a summary of it.**

As part of the Board's commitment to the highest standard of conduct, the Company has adopted a code of conduct to guide Directors, management, employees and consultants in carrying out their duties and responsibilities. Our Code of Business Conduct and Ethics is intended to promote honest and ethical conduct, full and accurate reporting, and compliance with laws as well as other matters.

**Principle 4: Safeguard Integrity in corporate reporting**

**Recommendation 4.1- The board of a listed entity should: (a) have an audit committee which: (i) has at least three members, all of whom are non-executive directors and a majority of whom are independent directors; and (ii) is chaired by an independent director, who is not the chair of the board, and disclose: (iii) the charter of the committee; (iv) the relevant qualifications and experience of the members of the committee; and (v) in relation to each reporting period, the number of times the committee met throughout the period and the Individual attendances of the members at those meetings; or (b) if It does not have an audit committee, disclose that fact and the processes It employs that Independently verify and safeguard the Integrity of Its corporate reporting, Including the processes for the appointment and removal of the external auditor and the rotation of the audit engagement partner.**

Due to the current size and nature of activities the Company has an Audit Committee which comprises all directors. The Committee is chaired by a Director who is not chair of the Board.

The Company currently does not comply with the requirement to have a majority of independent Directors on the Audit Committee, all of whom are Non-Executive Directors, due to the current make-up of the Board. The members of the Audit Committee will be reassessed should additional independent Directors be appointed to the Board.

The qualifications and experience of the Audit Committee members and the number of times the Committee met throughout the reporting period and the attendance of the Committee's members at those meetings is set out in the Directors Report in the 2016 Annual Report.

**Recommendation 4.2- The board of a listed entity should, before It approves the entity's financial statements for a financial period, receive from its CEO and CFO a declaration that, in their opinion, the financial records of the entity have been properly maintained and that the financial statements comply with the appropriate accounting standards and give a true and fair view of the financial position and performance of the entity and that the opinion has been formed on the basis of a sound system of risk management and internal control which is operating effectively.**

The Company has received a declaration in the form set out in Recommendation 4.2 from the Company Secretary in relation to the financial statements for the financial periods ended 31 December 2015 and 30 June 2016 and quarterly cashflow statements for the financial periods ended 30 September 2015, 31 December 2015, 31 March 2016 and 30 June 2016.

**Recommendation 4.3- A listed entity that has an AGM should ensure that its external auditor attends its AGM and Is available to answer questions from security holders relevant to the audit.**

**DIRECTORS' REPORT (Continued)**

The Company's external auditor attends each AGM of the Company and is available to answer questions from security holders relevant to the audit.

**Principle 5: Make timely and balanced disclosure**

**Recommendation 5.1 - A listed entity should: (a) have a written policy for complying with its continuous disclosure obligations under the Listing Rules; and (b) disclose that policy or a summary of it.**

The Company Secretary has been appointed as the persons responsible for communications with the ASX. The Board is responsible for ensuring the compliance with the continuous disclosure requirements in the ASX listing rules and overseeing and coordinating information disclosure to the ASX.

**Principle 6: Respect the rights of security holders**

**Recommendation 6.1 - A listed entity should provide Information about itself and its governance to investors via its website.**

Information about the Company and its operations is located at the registered office or upon request. Information about the Company's corporate governance policies and charters is located at the registered office or upon request.

**Recommendation 6.2- A listed entity should design and implement an investor relations program to facilitate effective two-way communication with investors.**

The Company operates an active investor relations program which includes engaging with security holders at the AGM, responding to security holder enquiries from time to time and adhoc interactions with institutional and private investors, analysts and the financial media. It is the Company's intention that shareholders and the investment community have reasonable access to senior management and Directors of the Company to ask direct questions or to seek additional information on the business.

**Recommendation 6.3 - A listed entity should disclose the policies and processes it has in place to facilitate and encourage participation at meetings of security holders.**

The Board and the Company Secretary are responsible for the policies and processes to facilitate and encourage effective participation at general meetings. The Company adheres to best practice in its preparation of Notices of Meetings to ensure all shareholders are fully informed.

The Board encourages full participation of shareholders at the Annual General Meeting. Shareholders who are unable to attend general meetings are encouraged to lodge proxy appointments in advance of the meeting.

The external auditor is requested to attend the annual general meeting and to be available to answer shareholder questions about the conduct of the audit and the preparation and content of the audit report.

**Recommendation 6.4 - A listed entity should give security holders the option to receive communications from, and send communications to, the entity and its security registry electronically.**

The Company gives security holders the option to receive communications from, and send communications to, the Company and its security registry electronically.

**Principle 7: Recognise and manage risk**

**Recommendation 7.1 - The board of a listed entity should: (a) have a committee or committees to oversee risk, each of which: (i) has at least three members, a majority of whom are independent directors; and (ii) is chaired by an independent director, and disclose: (iii) the charter of the committee; (iv) the members of the committee; and (v) as at the end of each reporting period, the number of times the committee met throughout the period and the individual attendances of the members at those meetings; or (b) If it does not have risk committee or committees that satisfy (a) above, disclose that fact and the processes it employs for overseeing the entity's risk management framework.**

The Company has an Audit Committee which oversees the Company's internal control function and reviews the Company's guidelines and policies with respect to risk assessment and risk management. Recommendation 4.1 sets out or provides the location of the information referred to in Recommendation 7.1.

**Recommendation 7.2 - The board or a committee of the board should: (a) review the entity's risk management framework at least annually to satisfy itself that it continues to be sound; and (b) disclose, in relation to each reporting period, whether such a review has taken place.**

**DIRECTORS' REPORT (Continued)**

The Board at least annually undertakes a structured consideration and review of the risk management framework and the material risks faced by, and the risk attitude of, the Company. In the financial year ended 30 June 2017, the Board undertook a review of the Company's risk management framework.

**Recommendation 7.3 - A listed entity should disclose: (a) if it has an internal audit function, how the function is structured and what role it performs; or (b) if it does not have an internal audit function, that fact and the processes it employs for evaluating and continually improving the effectiveness of its risk management and internal control processes.**

Given the Company's current size and nature of its operations, the Board does not consider it appropriate to have a separate internal audit function. The Company is committed to understanding and managing risk and to establishing an organisational culture that ensures risk management is included in all activities, decision making and business processes.

Operational, financial, legal, compliance, strategic and reputational risks continue to be managed primarily by the Chief Executive Officer as a part of the day-to-day management of the Company's affairs. Where appropriate, these risks are managed with the support of relevant external professional advisers.

The Board with the assistance of the Audit Committee is responsible for monitoring and reviewing the effectiveness of the Company's risk management and internal control processes and the ongoing mitigation and management of key business risks is a standing item of business on the agenda of the Committee. Management is responsible for ensuring the Company's material business risks are managed and for reporting to the Committee on whether those risks are being managed effectively.

The Board constantly monitors the operation and financial aspects of the Company's activities and considers the recommendations and advice of external auditors and other external advisers on the operational and financial risks that it faces. The Board ensures that recommendations made by the external auditors and other external advisers are investigated and, where considered necessary, appropriate action is taken to ensure that the Company has an appropriate internal control environment in place to manage the key risks identified.

**Recommendation 7.4 - A listed entity should disclose whether it has any material exposure to economic, environmental and social sustainability risks and, if it does, how it manages or intends to manage those risks.**

During the financial year ended 30 June 2017, the Board determined that the Company did not have any material exposure to economic and environmental risks. The Company recognises the social sustainability risks of operating social media platforms, particularly those involving students. The Company is subject to a variety of laws, regulations and self-regulatory principles and frameworks in Australia, the United States and other jurisdictions that involve matters such as privacy, data security and protection, content regulation, protection of minors and consumer protection.

The Company monitors evolving laws and regulations affecting social media to ensure its products and services comply. The Company self-regulates the content on its sites and products and has a content moderation policy based on international law enforcement guidelines.

**Principle 8: Remunerate fairly and responsibly**

**Recommendation 8.1 - The board of a listed entity should: (a) have a remuneration committee which: (i) has at least three members, a majority of whom are independent directors; and (ii) is chaired by an independent director, and disclose: (iii) the charter of the committee; (iv) the members of the committee; and (v) as at the end of each reporting period, the number of times the committee met throughout the period and the individual attendances of the members at those meetings; or (b) if it does not have a remuneration committee, disclose that fact and the processes it employs for setting the level and composition of remuneration for directors and senior executives and ensuring that remuneration is appropriate and not excessive.**

The Company has a Compensation Committee which oversees the remuneration of Directors and senior executives and makes recommendations to the Board. Due to the current size and nature of activities the Compensation Committee comprises all directors. The Committee is chaired by a Director.

The Company currently does not comply with the requirement to have a majority of independent Directors on the Compensation Committee and an independent chair, due to the current make-up of the Board. The members of the Compensation Committee will be reassessed should additional independent Directors be appointed to the Board.

**Recommendation 8.2 - A listed entity should separately disclose its policies and practices regarding the remuneration of non-executive directors and the remuneration of executive directors and other senior executives.**

## **AZURE HEALTH TECHNOLOGY LIMITED (formerly Moko Social Media Limited)**

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The Company's policies and practices regarding the remuneration of Non-Executive Directors and the remuneration of executive directors and other senior executives is set out in the Compensation Committee Charter and in the Remuneration Report contained in the 2017 Annual Report

***Recommendation 8.3 - A listed entity which has an equity-based remuneration scheme should: (a) have a policy on whether participants are permitted to enter into transactions (whether through the use of derivatives or otherwise) which limit the economic risk of participating in the scheme; and (b) disclose that policy or a summary of it.***

The Company has an equity-based remuneration scheme, the US Omnibus Equity Incentive Plan which was approved by shareholders at an extraordinary general meeting held on 5 May 2015.

The Company's Share Trading Policy has been updated to incorporate Recommendation 8.3 and provides that participants in any equity-based remuneration scheme of the Company must not enter into any transaction which would have the effect of hedging or otherwise transferring to any other person the risk of any fluctuation in the value of any **unvested scheme entitlement (i.e. an entitlement that is subject to time and/or performance hurdles) in the Company's securities.**



**AZURE HEALTH TECHNOLOGY LIMITED  
(FORMERLY MOKO SOCIAL MEDIA LIMITED)  
ABN 31 111 082 485  
AND CONTROLLED ENTITIES**


**AUDITOR'S INDEPENDENCE DECLARATION  
UNDER SECTION 307C OF THE CORPORATIONS ACT 2001  
TO THE DIRECTORS OF AZURE HEALTH TECHNOLOGY LIMITED**

**SYDNEY**

Level 40  
2 Park Street  
Sydney NSW 2000  
Australia  
Ph: (612) 9263 2600  
Fx: (612) 9263 2800

I declare that, to the best of my knowledge and belief, during the year ended 30 June 2017 there have been no contraventions of:

- (i) the auditor independence requirements as set out in the Corporations Act 2001 in relation to the audit; and
- (ii) any applicable code of professional conduct in relation to the audit.



HALL CHADWICK  
Level 40, 2 Park Street  
Sydney NSW 2000



**DREW TOWNSEND**  
Partner  
Dated: 19 July 2019

A Member of PrimeGlobal  
An Association of Independent  
Accounting Firms

 **PrimeGlobal**

**STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME****FOR THE YEAR ENDED 30 JUNE 2017**

	<b>Notes</b>	<b>2017</b>	<b>2016</b>
		\$	\$
<b>Revenue and Other Income</b>			
Revenue	2	80,771	84,830
Interest Income	2	3,312	17,830
Other Income	2	831,310	1,049,481
<b>Expenses</b>			
Cost of providing services		(17,337)	(87,102)
Licence fee		(1,155,771)	(2,320,960)
Computer expenses		(161,258)	(446,614)
Marketing expenses		(147,427)	(1,540,871)
Travel and entertainment expenses		(27,208)	(472,066)
Occupancy expenses		(108,367)	(496,146)
Administration expenses		(430,584)	(1,105,658)
Exchange loss		56	(79,725)
Finance costs		(226,984)	(65,201)
Legal and professional fees		(621,911)	(2,239,824)
Employee benefits expenses	3	(2,348,280)	(6,199,744)
Share based payments	3	(87,395)	(1,263,528)
Depreciation and amortisation	3	(52,533)	(443,876)
Other expenses		(275,942)	(11,015)
Product costs		(197,236)	(936,202)
Impairment expenses	3	(619,720)	(4,253,634)
<b>Loss before income tax expense</b>	2	<b>(5,562,504)</b>	<b>(20,810,025)</b>
Income tax expense	4	(4,535)	6,889
<b>Net loss from continuing operations</b>		<b>(5,567,039)</b>	<b>(20,803,136)</b>
<b>Net loss from discontinued operations</b>		<b>-</b>	<b>(738,675)</b>
<b>Net loss for the year</b>		<b>(5,567,039)</b>	<b>(21,541,811)</b>
Other Comprehensive Income		(411,498)	590,423
<b>Total Comprehensive Loss</b>		<b>(5,978,537)</b>	<b>(20,951,388)</b>
Basic loss per share (cents per share)	5	(0.34)	(2.20)
- continuing operations		(0.34)	(2.13)
- discontinued operations		-	(0.07)

The accompanying notes form part of these financial statements

**STATEMENT OF FINANCIAL POSITION**

AS AT 30 JUNE 2017

		<b>Consolidated</b>	
	<b>Notes</b>	<b>2017</b>	<b>2016</b>
		\$	\$
<b>Assets</b>			
<b>Current Assets</b>			
Cash and cash equivalents	6	-	2,546,772
Trade and other receivables	8	-	38,660
Other current assets		-	326,643
<b>Total Current Assets</b>		<b>-</b>	<b>2,912,075</b>
<b>Non-Current Assets</b>			
Property, plant and equipment	9	-	136,731
Intangibles	10	-	100,835
Available for sale financial assets	11	-	560,000
<b>Total Non-Current Assets</b>		<b>-</b>	<b>797,566</b>
<b>Total Assets</b>		<b>-</b>	<b>3,709,641</b>
<b>Liabilities</b>			
<b>Current Liabilities</b>			
Trade and other payables	12	1,871,095	1,047,672
Employee benefits		62,106	168,210
Borrowings	13	1,476,000	-
<b>Total Current Liabilities</b>		<b>3,409,201</b>	<b>1,215,882</b>
<b>Non-Current Liabilities</b>			
Employee benefits		-	11,818
<b>Total Non-Current Liabilities</b>		<b>-</b>	<b>11,818</b>
<b>Total Liabilities</b>		<b>3,409,201</b>	<b>1,227,700</b>
<b>Net Assets</b>		<b>(3,409,201)</b>	<b>2,481,941</b>
<b>Equity</b>			
Issued capital	14	69,142,533	69,142,733
Reserves	14	13,729,375	14,053,478
Accumulated losses		(86,236,344)	(80,669,505)
Non-controlling interest		(44,765)	(44,765)
<b>Total Equity</b>		<b>(3,409,201)</b>	<b>2,481,941</b>

The accompanying notes form part of these financial statements

**STATEMENT OF CASH FLOWS**

FOR THE YEAR ENDED 30 JUNE 2017

	Note	Consolidated	
		2017	2016
		\$	\$
<b>Cash flows from operating activities</b>			
Net receipts from customers		119,431	1,588,278
Research and Development tax refund		826,775	905,747
Payments to suppliers and employees		(4,740,771)	(16,756,352)
Interest received		3,312	20,655
Interest paid and finance costs		(226,984)	(74,341)
Income tax refund / (paid)		(4,535)	6,889
<b>Net cash (used in) operating activities</b>	<b>7</b>	<b>(4,022,772)</b>	<b>(14,309,124)</b>
<b>Cash flows from investing activities</b>			
Proceeds from sale of property, plant & equipment		-	15,910
Payment for acquisition of business, net of cash acquired		-	-
Payment for sale of business		-	(69,224)
Payment for investments		-	(1,042,142)
Payments for property, plant and equipment		-	(7,561)
Payment for disposal of subsidiary		-	-
<b>Net cash (used in) investing activities</b>		<b>-</b>	<b>(1,103,017)</b>
<b>Cash flows from financing activities</b>			
Proceeds from issue of shares		-	11,778,867
Share issue transaction costs		-	(1,056,746)
Proceeds from borrowings	13	1,476,000	1,500,000
Repayment of borrowings		-	(1,500,000)
<b>Net cash provided by financing activities</b>		<b>1,476,000</b>	<b>10,722,121</b>
<b>Net increase/(decrease) in cash and cash equivalents</b>		<b>(2,546,772)</b>	<b>(4,690,020)</b>
Cash and cash equivalents at 1 July		2,546,772	7,219,908
Effects of exchange rates on cash		-	16,884
<b>Cash and cash equivalents at end of year</b>	<b>6</b>	<b>-</b>	<b>2,546,772</b>
The accompanying notes form part of these financial statements			

## STATEMENT OF CHANGES IN EQUITY

FOR THE YEAR ENDED 30 JUNE 2017

	Issued capital	Foreign currency translation reserve	Option reserve	Accumulated Losses	Non Controlling Interest	Total
<b>Balance at 30 June 2016</b>	<b>69,142,733</b>	<b>2,557,928</b>	<b>11,495,550</b>	<b>(80,669,505)</b>	<b>(44,765)</b>	<b>2,481,941</b>
<b>Comprehensive income</b>						
Loss after tax	-	-	-	(5,567,039)	-	(5,567,039)
Other comprehensive income	-	(411,498)	-	-	-	(411,498)
<b>Total comprehensive income for the year</b>	<b>-</b>	<b>(411,498)</b>	<b>-</b>	<b>(5,567,039)</b>	<b>-</b>	<b>(5,978,537)</b>
<b>Transaction with owners in their capacity as owners</b>						
Redemption of performance shares (note 14b)	(200)	-	-	200	-	-
Share-based payments - Options	-	-	87,395	-	-	87,395
<b>Total transaction with owners</b>	<b>(200)</b>	<b>-</b>	<b>87,395</b>	<b>200</b>	<b>-</b>	<b>87,395</b>
<b>Balance at 30 June 2017</b>	<b>69,142,533</b>	<b>2,146,430</b>	<b>11,582,945</b>	<b>(86,236,344)</b>	<b>(44,765)</b>	<b>(3,409,201)</b>
<b>Balance at 30 June 2015</b>	<b>58,214,371</b>	<b>1,967,505</b>	<b>10,246,475</b>	<b>(58,942,958)</b>	<b>(404,817)</b>	<b>11,080,576</b>
<b>Comprehensive income</b>						
Loss after tax	-	-	-	(21,457,299)	(84,512)	(21,541,811)
Non-controlling Interest changes	-	-	-	(269,248)	444,564	175,316
Other comprehensive income	-	590,423	-	-	-	590,423
<b>Total comprehensive income for the year</b>	<b>-</b>	<b>590,423</b>	<b>-</b>	<b>(21,726,547)</b>	<b>360,052</b>	<b>(20,776,072)</b>
<b>Transaction with owners in their capacity as owners</b>						
Issue of ordinary shares on capital raising	11,778,867	-	-	-	-	<b>11,778,867</b>
Issue of ordinary shares to consultants	360,128	-	-	-	-	<b>360,128</b>
Issue of ordinary shares to employees	15,097	-	-	-	-	<b>15,097</b>
Capital raising costs	(1,225,730)	-	-	-	-	<b>(1,225,730)</b>
Share-based payments - Options	-	-	1,249,075	-	-	<b>1,249,075</b>
<b>Total transaction with owners</b>	<b>10,928,362</b>	<b>-</b>	<b>1,249,075</b>	<b>-</b>	<b>-</b>	<b>12,177,437</b>
<b>Balance at 30 June 2016</b>	<b>69,142,733</b>	<b>2,557,928</b>	<b>11,495,550</b>	<b>(80,669,505)</b>	<b>(44,765)</b>	<b>2,481,941</b>

The accompanying notes form part of these financial statements

## **NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2017**

### **NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

#### **(a) Basis of Preparation**

The financial report is a general purpose financial report, which has been prepared in accordance with the requirements of the Corporations Act 2001, Accounting Standards and Interpretations and complies with other requirements of the law.

The accounting policies detailed below have been consistently applied to all of the years presented unless otherwise stated. The financial statements are for the Group consisting of Azure Health Technology Limited and its subsidiaries.

The financial statements have been prepared in accordance with the historical cost basis and presented in Australian dollars. Cost is based on the fair values of the consideration given in exchange for assets. The Company is a listed public Company, incorporated in Australia and operating in Australia.

#### *Going Concern*

On 1 July 2017, the Company had a working capital deficiency and the Directors determined to place the Company into Voluntary Administration. A proposal from Benelong Capital Partners Ltd (Benelong), for the restructure and recapitalisation of the company via a varied DOCA was submitted on 27 June 2018. The purpose of this Deed was to facilitate the recapitalisation of the Company with new business direction under a new Board of Directors. The deed of company arrangement was entered in to on 20 August 2018.

The Revised DOCA was approved by shareholders at the General meeting on 18 December 2018 and the Company was removed from external administration and the Company returned to the control of the new Board of Directors. As the first stage of the recapitalisation, a small amount of capital was raised to meet the Company's immediate needs. All pre-Administration liabilities of the Company were extinguished by the establishment of a Creditors Trust in accordance with the DOCA. Company liabilities incurred during the DOCA were met by the Deed Administrators from remaining company assets. Upon the Company being returned to the control of the new Board, the Company had extinguished the recapitalisation liabilities.

At the date of this Report, the new Board is determining the new direction the business will take and will, as part of a programme to secure the re-quotations of the Company's shares on the ASX, among other things, raise further capital to fund the future business plan of the Company.

The Directors are satisfied that the Company will be able to meet its liabilities as and when they fall due in the interim and as a consequence of this belief and the planned future capital raising, the Directors believe that the Company remains a going concern at the date of this Report.

The Board recognises that additional funding is required to ensure that the Company can continue to fund its operations for a period of at least twelve months from the date of signing this financial report but is confident that additional funding and a suitable business opportunity will be forthcoming in the short term.

If the Board's plan fails for any other reason, the Company would urgently need to secure further capital by some other means. Further additional funding is potentially available from one or a combination of the following:

- Equity placement; or
- Loan funds unsecured or secured against a proposed new business of the Company.

Should any future proposal for further funding be rejected by shareholders or otherwise fails for any reason and none of the future equity raisings and/or the other arrangements mentioned above can be completed to the extent required, there will exist a material uncertainty that may cast significant doubt on the Company's ability to continue as a going concern and therefore it may be unable to realise its assets and extinguish its liabilities in the normal course of business.

#### **(b) Adoption of new and revised standards**

Standards and Interpretations applicable to 30 June 2017

In the year ended 30 June 2017, the Directors have reviewed all of the new and revised Standards and Interpretations issued by the AASB that are relevant to the Group and effective for the current annual Reporting Period.

As a result of this review, the Directors have determined that there is no material impact of the new and revised Standards and Interpretations on the Group and, therefore, no material change is necessary to Group accounting policies.

## **NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2017**

### **Standards and Interpretations in issues not yet adopted**

The Directors have also reviewed all new Standards and Interpretations that have been issued but are not yet effective for the year ended 30 June 2017. As a result of the review the Directors have determined that there is no material impact, of the new and revised Standards and Interpretations on the Company and, therefore, no change necessary to Group accounting policies.

#### **(c) Statement of Compliance**

The financial report was authorised for issue on 19 July 2019

The financial report complies with Australian Accounting Standards, which include Australian equivalents to International Financial Reporting Standards (AIFRS). Compliance with AIFRS ensures that the financial report, comprising the financial statements and notes thereto, complies with International Financial Reporting Standards (IFRS).

#### **(d) Critical accounting estimates and judgements**

The application of accounting policies requires the use of judgements, estimates and assumptions about carrying values of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions are recognised in the period in which the estimate is revised if it affects only that period or in the period of the revision and future periods if the revision affects both current and future periods.

#### *Share-based payment transactions:*

The Group measures the cost of equity-settled transactions with employees by reference to the fair value of the equity instruments at the date at which they are granted. The fair value is determined by using the Black and Scholes model.

#### **(e) Revenue Recognition**

Revenue is measured at fair value of the consideration received or receivable. Amounts disclosed as revenue are net of returns, trade allowances, rebates and amounts collected on behalf of third parties. Revenue is recognised to the extent that it is probable that the economic benefits will flow to the Company and the revenue can be reliably measured.

Interest revenue is recognised as it accrues, taking into account the effective yield on the financial asset.

#### **(f) Borrowing Costs**

Borrowing costs are recognised as an expense when incurred except those that relate to the acquisition, construction or production of qualifying assets where the borrowing cost is added to the cost of those assets until such time as the assets are substantially ready for their intended use or sale.

#### **(g) Cash and cash equivalents**

Cash comprises cash at bank and in hand. Cash equivalents are short term, highly liquid investments that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value.

For the purposes of the statement of cash flows, cash and cash equivalents consist of cash and cash equivalents as described above, net of outstanding bank overdrafts.

#### **(h) Trade and other receivables**

Trade receivables are measured on initial recognition at fair value and are subsequently measured at amortised cost using the effective interest rate method, less provision for impairment. Trade receivables are generally due for settlement within periods ranging from 30 to 60 days.

Impairment of trade receivables is continually reviewed and those that are considered to be uncollectible are written off by reducing the carrying amount directly. An allowance account is used when there is objective evidence that the Company will not be able to collect all amounts due according to the original contractual terms. Factors considered by the Company in making this determination include known significant financial difficulties of the debtor, review of financial information and significant delinquency in making contractual payments to the Company. The impairment allowance is set equal to the difference between the carrying amount of the receivable and the present value of estimated future cash flows, discounted at the original effective interest rate. Where receivables are short-term discounting is not applied in determining the allowance.

## **NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2017**

The amount of impairment loss is recognised in the statement of comprehensive income within other expenses. When a trade receivable for which an impairment allowance had been recognised becomes uncollectible in a subsequent period, it is written off against the allowance account. Subsequent recoveries of amounts previously written off are credited against other expenses in the statement of comprehensive income.

### **(i) Income Tax**

The income tax expense or benefit for the period is the tax payable on the current period's taxable income based on the applicable income tax rate for each jurisdiction adjusted by changes in deferred tax assets and liabilities attributable to temporary difference and to unused tax losses.

The current income tax charge is calculated on the basis of the tax laws enacted or substantively enacted at the end of the Reporting Period in the countries where the Company's subsidiaries and associates operate and generate taxable income. Management periodically evaluates positions taken in tax returns with respect to situations in which applicable tax regulation is subject to interpretation. It establishes provisions where appropriate on the basis of amounts expected to be paid to the tax authorities.

Current tax assets and liabilities for the current and prior periods are measured at the amount expected to be recovered from or paid to the taxation authorities. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted by the balance date.

Deferred income tax is provided on all temporary differences at the balance date between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes.

Deferred income tax liabilities are recognised for all taxable temporary differences except:

- when the deferred income tax liability arises from the initial recognition of goodwill or of an asset or liability in a transaction that is not a business combination and that, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss; or
- when the taxable temporary difference is associated with investments in subsidiaries, associates or interests in joint ventures, and the timing of the reversal of the temporary difference can be controlled and it is probable that the temporary difference will not reverse in the foreseeable future.

Deferred income tax assets are recognised for all deductible temporary differences, carry-forward of unused tax assets and unused tax losses, to the extent that it is probable that taxable profit will be available against which the deductible temporary differences and the carry-forward of unused tax credits and unused tax losses can be utilised, except:

when the deferred income tax asset relating to the deductible temporary difference arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss; or

when the deductible temporary difference is associated with investments in subsidiaries, associates or interests in joint ventures, in which case a deferred tax asset is only recognised to the extent that it is probable that the temporary difference will reverse in the foreseeable future and taxable profit will be available against which the temporary difference can be utilised.

The carrying amount of deferred income tax assets is reviewed at each balance date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred income tax asset to be utilised.

Unrecognised deferred income tax assets are reassessed at each balance date and are recognised to the extent that it has become probable that future taxable profit will allow the deferred tax asset to be recovered.

Deferred income tax assets and liabilities are measured at the tax rates that are expected to apply to the year when the asset is realised or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted at the balance date.

Income taxes relating to items recognised directly in equity are recognised in equity and not in profit or loss.

Deferred tax assets and deferred tax liabilities are offset only if a legally enforceable right exists to set off current tax assets against current tax liabilities and the deferred tax assets and liabilities relate to the same taxable entity and the same taxation authority.



## **NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2017**

### **(j) Other taxes**

Revenues, expenses and assets are recognised net of the amount of GST except:

when the GST incurred on a purchase of goods and services is not recoverable from the taxation authority, in which case the GST is recognised as part of the cost of acquisition of the asset or as part of the expense item as applicable; and

- receivables and payables, which are stated with the amount of GST included.

The net amount of GST recoverable from, or payable to, the taxation authority is included as part of receivables or payables in the statement of financial position.

Cash flows are included in the statement of cash flows on a gross basis and the GST component of cash flows arising from investing and financing activities, which is recoverable from, or payable to, the taxation authority are classified as operating cash flows. Commitments and contingencies are disclosed net of the amount of GST recoverable from, or payable to, the taxation authority.

### **(k) Property, plant and equipment**

Plant and equipment is stated at cost less accumulated depreciation and any accumulated impairment losses. Such cost includes the cost of replacing parts that are eligible for capitalisation when the cost of replacing the parts is incurred. Similarly, when each major inspection is performed, its cost is recognised in the carrying amount of the plant and equipment as a replacement only if it is eligible for capitalisation.

Depreciation is calculated on a straight-line basis over the estimated useful life of the assets as follows:

Plant and equipment – over 3 to 10 years.

The assets' residual values, useful lives and amortisation methods are reviewed, and adjusted if appropriate, at each financial year end.

#### *(i) Impairment*

The carrying values of plant and equipment are reviewed for impairment at each reporting date, with recoverable amount being estimated when events or changes in circumstances indicate that the carrying value may be impaired.

The recoverable amount of plant and equipment is the higher of fair value less costs to sell and value in use. In assessing value in use, the estimated future cash flows are 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.

For an asset that does not generate largely independent cash inflows, recoverable amount is determined for the cash-generating unit to which the asset belongs, unless the asset's value in use can be estimated to be close to its fair value.

An impairment exists when the carrying value of an asset or cash-generating units exceeds its estimated recoverable amount. The asset or cash-generating unit is then written down to its recoverable amount.

For plant and equipment, impairment losses are recognised in the statement of comprehensive income in the cost of sales line item.

#### *(ii) Derecognition and disposal*

An item of property, plant and equipment is derecognised upon disposal or when no further future economic benefits are expected from its use or disposal.

Any gain or loss arising on derecognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in profit or loss in the year the asset is derecognised.

#### *(l) Financial assets*

Financial assets in the scope of AASB 139 Financial Instruments: Recognition and Measurement are classified as either financial assets at fair value through profit or loss, loans and receivables, held-to-maturity investments, or available-for-sale investments, as appropriate. When financial assets are recognised initially, they are measured at fair value, plus, in the case of investments not at fair value through profit or loss, directly attributable transactions costs. The Company determines the classification of its financial assets after initial recognition and, when allowed and appropriate, re-evaluates this designation at each financial year-end. All regular way purchases and sales of financial assets are recognised on the trade date i.e. the date that the Company commits to purchase the asset. Regular way purchases or sales are purchases or sales

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 30 JUNE 2017**

of financial assets under contracts that require delivery of the assets within the period established generally by regulation or convention in the marketplace.

*(i) Financial assets at fair value through profit or loss*

Financial assets classified as held for trading are included in the category 'financial assets 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. Derivatives are also classified as held for trading unless they are designated as effective hedging instruments. Gains or losses on investments held for trading are recognised in profit or loss.

*(ii) Held-to-maturity investments*

Non-derivative financial assets with fixed or determinable payments and fixed maturity are classified as held-to-maturity when the Group has the positive intention and ability to hold to maturity. Investments intended to be held for an undefined period are not included in this classification. Investments that are intended to be held-to-maturity, such as bonds, are subsequently measured at amortised cost. This cost is computed as the amount initially recognised minus principal repayments, plus or minus the cumulative amortisation using the effective interest method of any difference between the initially recognised amount and the maturity amount. This calculation includes all fees and points paid or received between parties to the contract that are an integral part of the effective interest rate, transaction costs and all other premiums and discounts. For investments carried at amortised cost, gains and losses are recognised in profit or loss when the investments are derecognised or impaired, as well as through the amortisation process.

If the Group was to sell other than an insignificant amount of held-to-maturity financial assets, the whole category would be tainted and reclassified as available-for-sale.

*(iii) Loans and receivables*

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. Such assets are carried at amortised cost using the effective interest method. Gains and losses are recognised in profit or loss when the loans and receivables are derecognised or impaired, as well as through the amortisation process.

*(iv) Available-for-sale investments*

Available-for-sale investments are those non-derivative financial assets that are designated as available-for-sale or are not classified as any of the three preceding categories. After initial recognition available-for sale investments are measured at fair value with gains or losses being recognised as a separate component of equity until the investment is derecognised or until the investment is determined to be impaired, at which time the cumulative gain or loss previously reported in equity is recognised in profit or loss.

The fair value of investments that are actively traded in organised financial markets is determined by reference to quoted market bid prices at the close of business on the balance date. For investments with no active market, fair value is determined using valuation techniques. Such techniques include using recent arm's length market transactions; reference to the current market value of another instrument that is substantially the same; discounted cash flow analysis and option pricing models.

**(m) Impairment of financial assets**

The Group assesses at each balance date whether a financial asset or Company of financial assets is impaired.

*(i) Financial assets carried at amortised cost*

If there is objective evidence that an impairment loss on loans and receivables carried at amortised cost has been incurred, the amount of the 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 carrying amount of the asset is reduced either directly or through use of an allowance account. The amount of the loss is recognised in profit or loss.

The Group first assesses whether objective evidence of impairment exists individually for financial assets that are individually significant, and individually or collectively for financial assets that are not individually significant. If it is determined that no objective evidence of impairment exists for an individually assessed financial asset, whether significant or not, the asset is included in a Group of financial assets with similar credit risk characteristics and that Group of financial assets is collectively assessed for impairment. Assets that are individually assessed for impairment and for which an impairment loss is or continues to be recognised are not included in a collective assessment of impairment.

**NOTES TO THE FINANCIAL STATEMENTS  
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If, in a subsequent period, the amount of the 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. Any subsequent reversal of an impairment loss is recognised in profit or loss, to the extent that the carrying value of the asset does not exceed its amortised cost at the reversal date.

*(ii) Financial assets carried at cost*

If there is objective evidence that an impairment loss has been incurred on an unquoted equity instrument that is not carried at fair value (because its fair value cannot be reliably measured), or on a derivative asset that is linked to and must be settled by delivery of such an unquoted equity instrument, the amount of the loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted at the current market rate of return for a similar financial asset. Such impairment loss shall not be reversed in subsequent periods.

*(iii) Available-for-sale investments*

If there is objective evidence that an available-for-sale investment is impaired, an amount comprising the difference between its cost (net of any principal repayment and amortisation) and its current fair value, less any impairment loss previously recognised in profit or loss, is transferred from equity to the statement of comprehensive income. Reversals of impairment losses for equity instruments classified as available-for-sale are not recognised in profit. Reversals of impairment losses for debt instruments are reversed through profit or loss if the increase in an instrument's fair value can be objectively related to an event occurring after the impairment loss was recognised in profit or loss.

**(n) Impairment of tangible and intangible assets other than goodwill**

The Group assesses at each reporting date whether there is an indication that an asset may be impaired. If any such indication exists, or when annual impairment testing for an asset is required, the Group makes an estimate of the asset's recoverable amount. An asset's recoverable amount is the higher of its fair value less costs to sell and its value in use and is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or Groups of assets and the asset's value in use cannot be estimated to be close to its fair value. In such cases the asset is tested for impairment as part of the cash-generating unit to which it belongs. When the carrying amount of an asset or cash-generating unit exceeds its recoverable amount, the asset or cash-generating unit is considered impaired and is written down to its recoverable amount.

In assessing value in use, the estimated future cash flows are 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. Impairment losses relating to continuing operations are recognised in those expense categories consistent with the function of the impaired asset unless the asset is carried at revalued amount (in which case the impairment loss is treated as a revaluation decrease)

An assessment is also made at each reporting date as to whether there is any indication that previously recognised impairment losses may no longer exist or may have decreased. If such indication exists, the recoverable amount is estimated. A previously recognised impairment loss is reversed only if there has been a change in the estimates used to determine the asset's recoverable amount since the last impairment loss was recognised. If that is the case the carrying amount of the asset is increased to its recoverable amount. That increased amount cannot exceed the carrying amount that would have been determined, net of depreciation, had no impairment loss been recognised for the asset in prior years. Such reversal is recognised in profit or loss unless the asset is carried at revalued amount, in which case the reversal is treated as a revaluation increase. After such a reversal, the depreciation charge is adjusted in future periods to allocate the asset's revised carrying amount, less any residual value, on a systematic basis over its remaining useful life.

**(o) Trade and other payables**

Trade payables and other payables are carried at cost and represent liabilities for goods and services provided to the Company prior to the end of the financial year that are unpaid and arise when the Company becomes obliged to make future payments in respect of the purchase of these goods and services. Trade and other payables are presented as current liabilities unless payment is not due within 12 months.

**(p) Interest-bearing loans and borrowings**

Borrowings are initially recognised at fair value, net of transaction costs incurred. Borrowings are subsequently measured at amortised cost. Any difference between the proceeds (net of transaction costs) and the redemption amount is recognised in profit or loss over the period of the borrowings using the effective interest method. Fees paid on the establishment of loan facilities are recognised as transaction costs of the loan to the extent that it is probable that some or all of the facility will be drawn down. In this case, the fee is deferred until the draw down occurs. To the extent there is no evidence that it

## **NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2017**

is probable that some or all of the facility will be drawn down, the fee is capitalised as a prepayment for liquidity services and amortised over the period of the facility to which it relates.

The fair value of the liability portion of a convertible note is determined using a market interest rate for an equivalent non-convertible note. This amount is recorded as a liability on an amortised cost basis until extinguished on conversion or maturity of the note. The remainder of the proceeds is allocated to the conversion option. This is recognised and included in shareholders' equity, net of income tax effects.

Borrowings are removed from the balance sheet when the obligation specified in the contract is discharged, cancelled or expired. The difference between the carrying amount of a financial liability that has been extinguished or transferred to another party and the consideration paid, including any non-cash assets transferred or liabilities assumed, is recognised in profit or loss as other income or finance costs.

Borrowings are classified as current liabilities unless the Company has an unconditional right to defer settlement of the liability for at least 12 months after the Reporting Period.

### **(q) Employee leave benefits**

#### *Wages, salaries and annual leave*

Liabilities for wages and salaries, including non-monetary benefits and annual leave expected to be settled within 12 months of the balance date are recognised in other payables in respect of employees' services up to the balance date. They are measured at the amounts expected to be paid when the liabilities are settled. Liabilities for non-accumulating sick leave are recognised when the leave is taken and are measured at the rates paid or payable.

### **(r) Share-based payment transactions**

#### *(i) Equity settled transactions:*

The Group provides benefits to employees (including senior executives) of the Group in the form of share-based payments, whereby employees render services in exchange for shares or rights over shares (equity-settled transactions).

The cost of these equity-settled transactions with employees is measured by reference to the fair value of the equity instruments at the date at which they are granted. The fair value is determined by using a Black-Scholes model.

In valuing equity-settled transactions, no account is taken of any performance conditions, other than conditions linked to the price of the shares of Azure Health Technology Limited (market conditions) if applicable. The cost of equity-settled transactions is recognised, together with a corresponding increase in equity, over the period in which the performance and/or service conditions are fulfilled, ending on the date on which the relevant employees become fully entitled to the award (the vesting period).

The cumulative expense recognised for equity-settled transactions at each reporting date until vesting date reflects (i) the extent to which the vesting period has expired and (ii) the Group's best estimate of the number of equity instruments that will ultimately vest. No adjustment is made for the likelihood of market performance conditions being met as the effect of these conditions is included in the determination of fair value at grant date. The statement of comprehensive income charge or credit for a period represents the movement in cumulative expense recognised as at the beginning and end of that period. No expense is recognised for awards that do not ultimately vest, except for awards where vesting is only conditional upon a market condition.

If the terms of an equity-settled award are modified, as a minimum an expense is recognised as if the terms had not been modified. In addition, an expense is recognised for any modification that increases the total fair value of the share-based payment arrangement, or is otherwise beneficial to the employee, as measured at the date of modification.

If an equity-settled award is cancelled, it is treated as if it had vested on the date of cancellation, and any expense not yet recognised for the award is recognised immediately. However, if a new award is substituted for the cancelled award and designated as a replacement award on the date that it is granted, the cancelled and new award are treated as if they were a modification of the original award, as described in the previous paragraph. The dilutive effect, if any, of outstanding options is reflected as additional share dilution in the computation of earnings per share.

### **(s) Issued capital**

Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of new shares or options are shown in equity as a deduction, net of tax, from the proceeds. Incremental costs directly attributable to the issue of new

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 30 JUNE 2017**

shares or options for the acquisition of a new business are not included in the cost of acquisition as part of the purchase consideration.

**(t) Earnings per share**

Basic earnings per share is calculated as net profit/loss attributable to members of the parent, adjusted to exclude any costs of servicing equity (other than dividends) and preference share dividends, divided by the weighted average number of ordinary shares, adjusted for any bonus element.

Diluted earnings per share is calculated as net profit/loss attributable to members of the parent, adjusted for:

- costs of servicing equity (other than dividends) and preference share dividends;
- the after tax effect of dividends and interest associated with dilutive potential ordinary shares that have been recognised as expenses; and
- other non-discretionary changes in revenues or expenses during the period that would result from the dilution of potential ordinary shares; divided by the weighted average number of ordinary shares and dilutive potential ordinary shares, adjusted for any bonus element.

**(u) Segment reporting**

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision maker. The chief operating decision maker, who is responsible for allocating resources and assessing performance of the operating segments, has been identified as the Board of Directors of Azure Health Technology Limited.

**(v) Basis of consolidation**

The consolidated financial statements incorporate the assets and liabilities of all subsidiaries of Azure Health Technology Limited ('Company' or 'parent entity') as at 30 June 2017 and the results of all subsidiaries for the year then ended. Azure Health Technology Limited and its subsidiaries are referred to in this financial report as the Group.

The financial statements of the subsidiaries are prepared for the same Reporting Period as the parent entity, using consistent accounting policies. In preparing the consolidated financial statements, all intercompany balances and transactions, income and expenses and profit and losses resulting from intra-Group transactions have been eliminated in full.

Subsidiaries are fully consolidated from the date on which control is transferred to the Group and cease to be consolidated from the date on which control is transferred out of the Group. Control exists where the Company has the power to govern the financial and operating policies of an entity so as to obtain benefits from its activities. The existence and effect of potential voting rights that are currently exercisable or convertible are considered when assessing when the Group controls another entity.

Business combinations have been accounted for using the acquisition method of accounting.

Unrealised gains or transactions between the Group and its associates are eliminated to the extent of the Group's interests in the associates. Unrealised losses are also eliminated unless the transaction provides evidence of an impairment of the asset transferred. Accounting policies of associates have been changed where necessary to ensure consistency with the policies adopted by the Group.

Non-controlling interests represent the portion of profit or loss and net assets in subsidiaries not held by the Group and are presented separately in the statement of comprehensive income and within equity in the consolidated statement of financial position. Losses are attributed to the non-controlling interests even if that results in a deficit balance.

The Group treats transactions with non-controlling interests that do not result in a loss of control as transactions with equity owners of the Group. A change in ownership interest results in an adjustment between the carrying amounts of the controlling and non-controlling interests to reflect their relative interests in the subsidiary. Any difference between the amount of the adjustment to non-controlling interests and any consideration paid or received is recognised within equity attributable to owners of Azure Health Technology Limited.

When the Group loses control of a subsidiary, a gain or loss is recognised in profit or loss and 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)

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2017

the previous carrying amount of the assets (including goodwill) and liabilities of the subsidiary and any non-controlling interests. When assets of the subsidiary are carried at revalued amounts or fair values and the related cumulative gain or loss has been recognised in other comprehensive income and accumulated in equity, the amounts previously recognised in other comprehensive income and accumulated in equity are accounted for as if the Group had directly disposed of the relevant assets (i.e. reclassified to profit or loss or transferred directly to retained earnings as specified by applicable Standards). The fair value of any investment retained in the former subsidiary at the date when control is lost is regarded as the fair value on initial recognition for subsequent accounting under AASB 139 'Financial Instruments: Recognition and Measurement' or, when applicable, the cost on initial recognition of an investment in an associate or jointly controlled entity.

	<b>Consolidated</b>	
	<b>2017</b>	<b>2016</b>
<b>NOTE 2: REVENUE AND OTHER INCOME</b>	\$	\$
Revenue	80,771	84,830
Interest received	3,312	17,830
Other income		
Research and development tax refund	831,310	905,747
Rental Income	-	143,734
	<u>831,310</u>	<u>1,049,481</u>

The \$831,310 research and development tax refund (2016: \$905,747 received on 30 October 2015) was for a claim in accordance with the Commonwealth Government's Research and Development Tax Incentive Regime which has been in operation since 1 July 2011, the 45% refundable tax offset is available to companies that have grouped aggregated turnover of less than \$20million. There is no cap on Research and development expenditure.

	<b>Consolidated</b>	
	<b>2017</b>	<b>2016</b>
<b>NOTE 3: EXPENSES</b>	\$	\$
<b>Employee benefits expenses</b>		
Salaries and wages (including contractors, annual leave)	2,123,218	5,459,847
Superannuation, Healthcare & Workers Compensation	225,062	739,897
<b>Total employee benefits expenses</b>	<u>2,348,280</u>	<u>6,199,744</u>
Share based payments	87,395	1,263,528
<b>Depreciation of non-current assets</b>		
Computer equipment	-	78,769
Furniture and fittings	9,328	9,094
Leasehold improvement	2,090	7,239
Total Depreciation	<u>11,418</u>	<u>95,102</u>

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 30 JUNE 2017**

	<b>Consolidated</b>	
	<b>2017</b>	<b>2016</b>
	\$	\$
<b>NOTE 3: EXPENSES</b>		
<b>Amortisation</b>		
Computer software	41,115	88,523
Intellectual property	-	260,251
Total amortisation	<u>41,115</u>	<u>348,774</u>
<b>Total Depreciation and Amortisation</b>	<u>52,533</u>	<u>443,876</u>
<b>Impairment expenses</b>		
Available for sale financial assets	560,000	737,811
Intellectual property	59,720	1,935,919
Goodwill	-	1,579,904
<b>Total impairment</b>	<u>619,720</u>	<u>4,253,634</u>
Rental expense relating to operating leases	<u>108,367</u>	<u>487,941</u>

**NOTE 4: INCOME TAX**

<b>(a) Income Tax Expense</b>	<b>2017</b>	<b>2016</b>
	\$	\$
Prima Facie tax on loss before income tax is reconciled to income tax expense as follows:		
Loss for year	<u>5,562,504</u>	<u>20,810,025</u>
Prima facie income tax (benefit) @ 30%	(1,668,751)	(6,243,008)
Adjustment for jurisdictional differences in tax	-	(364,624)
Add tax effect of:		
Non-allowable items	-	1,883,761
Non-assessable items	-	(528,386)
Tax losses and timing differences not brought to account	1,668,751	5,252,257
Adjustment recognised for prior periods	(4,535)	6,889
	<u>(4,535)</u>	<u>6,889</u>

**(b) Deferred Tax Assets**

The following deferred tax assets, net of deferred tax liabilities, have not been brought to account as assets:

Tax losses carried forward	53,291,150	51,622,399
Other temporary differences not recognised	<u>2,512,971</u>	<u>2,512,971</u>
Unused tax losses	<u>55,804,121</u>	<u>54,135,370</u>

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 30 JUNE 2017**

**NOTE 4: INCOME TAX**

- These amounts have not been brought to account as it is not considered probable that the Company will earn taxable income in the foreseeable future to allow the deferred tax assets to be utilised.

- The Company has not yet carried out an assessment as to whether it is able to utilise current year and prior years' tax losses against future taxable income following the significant changes in the Company's shareholding and the changes to the Company's operations. If the Company does not satisfy the eligibility criteria relating to the continuation of ownership test and the same business test for carrying forward these tax losses, it will not be able to utilise some or all of these tax losses against future taxable income.

**NOTE 5: LOSS PER SHARE**

	<b>Consolidated</b>	
	<b>2017</b>	<b>2016</b>
	\$	\$
Basic loss per share (cents per share)	(0.34)	(2.20)
Earnings – Net loss for year	(5,567,039)	(21,457,299)
Weighted average number of ordinary shares used in the calculation of basic earnings per share	1,659,796,126	976,674,881

Diluted earnings per share has not been calculated as there were no securities on issue which would be potential ordinary shares having a dilutive effect.

**NOTE 6: CASH AND CASH EQUIVALENTS**

	<b>Consolidated</b>	
	<b>2017</b>	<b>2016</b>
	\$	\$
Cash on hand	-	586
Cash at bank	-	2,546,186
	-	2,546,772

**NOTE 7: CASH FLOW INFORMATION**

	<b>Consolidated</b>	
	<b>2017</b>	<b>2016</b>
	\$	\$
(i) Reconciliation of loss for the year to net cash flow used in operating activities:		
Loss for the year	(5,567,039)	(21,541,811)
Non-Cash items and reclassifications		
Depreciation and amortisation	52,533	446,068
Foreign exchange differences	(286,185)	610,503
Impairment expenses	619,720	4,433,361
Share based payments and related costs	87,395	1,263,528
Loss on disposal of non-current assets	-	12,656



**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 30 JUNE 2017**

**NOTE 7: CASH FLOW INFORMATION**

	<b>Consolidated</b>	
	<b>2017</b>	<b>2016</b>
	\$	\$
Changes in assets and liabilities		
Decrease in receivables	38,660	462,812
(Increase)/decrease in other assets	326,643	690,561
Increase / (Decrease) in payables	823,423	(410,225)
Increase / (Decrease) in provisions	(117,922)	(276,578)
Net cash flows (used in) operating activities	<u>(4,022,772)</u>	<u>(14,309,124)</u>

**NOTE 8: TRADE AND OTHER RECEIVABLES**

	<b>Consolidated</b>	
	<b>2017</b>	<b>2016</b>
	\$	\$
Trade receivables	58,489	311,522
Less: Provision for impairment of receivables	<u>(58,489)</u>	<u>(282,815)</u>
	-	28,707

Terms and conditions relating to the above financial instruments:

- Other assets are non-interest bearing and generally repayable within 30 days.
- Due to the short term nature of these receivables, their carrying value is assumed to approximate their fair value.

**NOTE 9: PROPERTY, PLANT AND EQUIPMENT**

<b>Consolidated</b>	<b>Computer equipment</b>	<b>Furniture and fittings</b>	<b>Leasehold Improvement</b>	<b>Total</b>
	\$	\$	\$	\$
<b>2016</b>				
Cost	746,300	67,536	34,982	848,818
Accumulated depreciation	(661,008)	(39,521)	(11,558)	(723,505)
<b>Balance at 30 June 2016</b>	<u>85,292</u>	<u>28,015</u>	<u>23,424</u>	<u>136,731</u>
<i>Reconciliation</i>				
Balance at 1 July 2015	181,723	44,522	29,716	255,961
Additions	3,682	4,420	1,080	9,182
Disposal	(18,706)	(11,981)	-	(30,687)
Disposal (discontinued operations)	(2,543)	(597)	-	(3,140)
Depreciation expense	(78,769)	(9,094)	(7,239)	(95,102)
Depreciation expense (discontinued operations)	(2,107)	(85)	-	(2,192)
Effects of movements in exchange rates	2,012	830	(133)	2,709
<b>Balance at 30 June 2016</b>	<u>85,292</u>	<u>28,015</u>	<u>23,424</u>	<u>136,731</u>

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2017

### NOTE 9: PROPERTY, PLANT AND EQUIPMENT

Consolidated	Computer equipment	Furniture and fittings	Leasehold Improvement	Total
	\$	\$	\$	\$
<b>2017</b>				
Cost	-	-	-	-
Accumulated depreciation	-	-	-	-
<b>Balance at 30 June 2017</b>	-	-	-	-
<i>Reconciliation</i>				
Balance at 1 July 2016	85,292	28,015	23,424	136,731
Acquisitions through business combinations	-	-	-	-
Additions	-	-	-	-
Disposal	(75,964)	(25,925)	(23,591)	(125,480)
Depreciation expense	(9,328)	(2,090)	-	(11,418)
Effects of movements in exchange rates			167	167
<b>Balance at 30 June 2017</b>	-	-	-	-

### NOTE 10: INTANGIBLES

Consolidated	Computer software	Intellectual Property	Goodwill	TOTAL
	\$	\$	\$	\$
<b>2016</b>				
Cost	312,746	5,273,257	1,759,631	7,345,634
Accumulated amortisation	(211,911)	(3,337,338)	-	(3,549,249)
Impairment	-	(1,935,919)	(1,759,631)	(3,695,550)
<b>Balance at 30 June 2016</b>	100,835	-	-	100,835
<i>Reconciliation</i>				
Balance at 1 July 2015	98,784	2,042,420	1,672,884	3,814,088
Additions	92,100	-	-	92,100
Amortisation expense	(88,523)	(260,251)	-	(348,774)
Impairment expense	-	(1,935,919)	(1,579,904)	(3,515,823)
Impairment expense (discontinued operations)	-	-	(179,727)	(179,727)
Effects of movements in exchange rates	(1,526)	153,750	86,747	238,971
<b>Balance at 30 June 2016</b>	100,835	-	-	100,835

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2017

### NOTE 10: INTANGIBLES

Consolidated	Computer software	Intellectual Property	Goodwill	TOTAL
<b>Consolidated 2017</b>				
Cost	312,746	5,273,257	1,759,631	7,345,634
Accumulated amortisation	(253,026)	(3,337,338)	-	(3,590,364)
Impairment	(59,720)	(1,935,919)	(1,759,631)	(3,755,270)
<b>Balance at 30 June 2017</b>	-	-	-	-
<i>Reconciliation</i>				
Balance at 1 July 2016	100,835	-	-	100,835
Additions	-	-	-	-
Amortisation expense	(41,115)	-	-	(41,115)
Impairment expense	(59,720)	-	-	(59,720)
Effects of movements in exchange rates			-	-
<b>Balance at 30 June 2017</b>	-	-	-	-

As the MOKO products will not be commercialized, the carrying value of the internally created software was deemed unrecoverable and fully impaired.

### NOTE 11: AVAILABLE FOR SALE FINANCIAL ASSETS

On 24 April 2015, MOKO signed a Share Purchase Agreement with Big Teams LLC ("BigTeams"), a limited liability company located in the US. MOKO invested One Million U.S. Dollars (US\$1,000,000 or A\$1,297,811) to acquire a 10% equity stake in BigTeams. BigTeams is the largest high school sports software platform in the US, providing online tools and data for US high schools to assist with sports team administration, event management and fundraising.

The unlisted ordinary shares are held in Big Teams LLC. Fair value information relating to this investment has not been disclosed because the shares are not quoted in an active market and fair value cannot be measured reliably. In the year ended June 2016, based on financial positions and budgets from Big Teams LLC an impairment loss was recognised for the amount of \$737,811 for which the carrying amount exceeds its recoverable amount of \$560,000.

The directors reviewed the carrying amount of the investment as at 30 June 2017. The investment was deemed to have no value and the remaining \$560,000 value was fully impaired.

	<b>Consolidated</b>
	\$
Unlisted ordinary shares - Big teams LLC	
Balance at 1 July 2015	1,297,811
Impairment - 30 June 2016	(737,811)
<b>Balance 30 June 2016</b>	<u>560,000</u>
Balance at 1 July 2016	560,000
Impairment - 30 June 2017	(560,000)
<b>Balance 30 June 2017</b>	<u>-</u>

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 30 JUNE 2017**

**NOTE 12: TRADE AND OTHER PAYABLES**

Current	<b>Consolidated</b>	
	<b>2017</b>	<b>2016</b>
	\$	\$
Trade payables and accruals	367,523	638,393
Other payables and accruals	1,503,572	409,279
	<u>1,871,095</u>	<u>1,047,672</u>

Terms and conditions relating to the above financial instruments:

- Trade creditors are non-interest bearing and are normally settled on 30 day terms.
- Due to the short-term nature of these payables, their carrying value is assumed to approximate their fair value.

**NOTE 13: BORROWINGS**

	<b>31 Dec 2017</b>	<b>31 Dec 2016</b>
	\$	\$
Convertible Notes	799,000	-
Loan from Shareholder	677,000	-
	<u>1,476,000</u>	<u>-</u>

On 31 October 2016, Rhonda Nairn executed a loan agreement with the Company for an initial advance of \$150,000 to the Company secured by a GSA over the Company's assets and registered on the PPSR. Following this initial advance Rhonda Nairn has advanced an additional \$350,000, and is owed an additional \$177,000 in interest and fees. These loans were provided to assist with the Company meeting its short term liquidity requirements. In total The Secured Creditor has an outstanding balance of \$677,000

In March to May 2017 the Company required working capital funding whilst restructuring options were being explored. Certain shareholders of the Company provided this funding via convertible notes secured by GSA's. A total of \$780,000 was lent via the convertible notes. The Convertible Note Holders security all ranks after the security of The Secured Creditor. There is an additional \$19,000 interest payable. The total balance of the liability to the Convertible note holders is \$799,000.

Pursuant to the DOCA approved by general meeting on 18 December 2019, the Convertible notes and the Shareholder loan was moved to the Creditors Trust and 30,655,000 shares were issued at Nil cost to Rhonda Nairn, the secured creditor.

<b>Convertible Note Holders</b>	<b>Amount</b>	<b>No of Shares</b>
ICE COLD INVESTMENTS PTY LTD	\$105,000	875,000
ICE COLD INVESTMENTS PTY LTD <BROWNS CHELTENHAM TD S/F A/C>	\$105,000	875,000
BRADLEY HARRIS	\$90,000	750,000
MR M A MUNRO & MS R P DELAMARE - MUNRO SUPER FUND A/C	\$10,000	83,333
PHILIP ANDREW THICK	\$50,000	416,667
ROADKNIGHT INVESTMENTS (AUSTRALIA) PTY LTD ATF YATES FAMILY TRUST	\$100,000	833,333
GRANT POVEY	\$25,000	208,333
L & E FISHER NOMINEES PTY LTD - FISHERS S/F A/C	\$10,000	83,333
GREATSIDE HOLDINGS PTY LTD	\$25,000	208,333
BEARDED ROOSTER PTY LTD	\$10,000	83,333
OCCASIO HOLDINGS PTY LTD <OCCASIO UNIT A/C>	\$50,000	416,667
BRADLEY HARRIS	\$110,000	916,667
RPK NOMINEES PTY LTD <R & C KANE SUPER FUND A/C>	\$25,000	208,333
MR SIMON DAVID YEO + MRS JENNIFER YEO <CAPE INVESTMENT A/C>	\$25,000	208,333
HERITAGE PACIFIC PTY LTD <DOOLAN FAMILY TRUST>	\$20,000	166,667
EMMA WALDON	\$20,000	166,667

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 30 JUNE 2017**

**NOTE 14: ISSUED CAPITAL AND RESERVES**

	Consolidated	
	31 December 2017	31 December 2016
	\$	\$
<b>Issued and paid up capital</b>		
Ordinary shares fully paid	69,142,533	69,142,533
Fully paid performance share	-	200
	69,142,533	69,142,733

**(a) Ordinary shares**

Details	Issue Date	Number of shares	Issue Price	Amount \$
<b>Balance as at 1 July 2015</b>	1/07/2015	755,486,679	Various	58,214,171
NASDAQ placement	5/11/2015	60,000,000	\$0.06000	3,600,000
Capital raising fees	12/11/2015	2,000,000	\$0.06000	120,000
Issue under US Omnibus Plan	27/11/2015	400,000	\$0.04000	14,997
Entitlement Issue	12/04/2016	817,886,679	\$0.01000	8,178,867
Underwriting fees	28/04/2016	16,500,000	\$0.01000	165,000
Broker commission	28/04/2016	3,398,384	\$0.01000	33,984
Short term loan fees & interest	28/04/2016	4,124,384	\$0.01000	41,244
Capital raising costs		-		(1,225,730)
<b>Balance as at 30 June 2016</b>		<b>1,659,796,126</b>		<b>69,142,533</b>
<b>Balance as at 30 June 2017</b>		<b>1,659,796,126</b>		<b>69,142,533</b>

There were no shares issued during the year ended 30 June 2017.

Ordinary shares entitle the holder to participate in dividends and the proceeds on the winding up of the company in proportion to the number of and amounts paid on the shares held. The fully paid ordinary shares have no par value and the company does not have a limited amount of authorised capital.

On a show of hands every member present at a meeting in person or by proxy shall have one vote and upon a poll each share shall have one vote.

**(b) Performance shares**

Details	Issue Date	Number of shares	Issue Price	Amount \$	Variation Price
Share issue to Director pursuant to shareholder approval	28/11/2013	20,000,000	\$0.00001	200	\$0.10

A Performance Share Plan was approved by shareholders at MOKO's 2013 Annual General Meeting and involves the issuance of a new class of ordinary shares ("Performance Shares") to eligible participants for their market value assessed by an independent expert and based on the rights and conditions attached to the Performance Shares (the "Issue Price") by means of a payment to the Company of the Issue Price.

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2017

### NOTE 14: ISSUED CAPITAL AND RESERVES

Performance Shares remain outstanding for a period equal to earlier of 3 years from the date of original purchase or the occurrence of the relevant Performance Event (such earlier date, the "End Date"). If the Performance Shares have not been 'varied' by the End Date, which can include events such as termination, the VWAP share price hurdle having been met, a takeover offer among others (any such event, a "Variation Event") then the Performance Shares will be redeemed by the Company for their Issue Price. If a Variation Event does occur prior to the End Date, the holder has twelve months from the date of the Variation Event to provide notice and payment (a "Variation Payment") to the Company.

Upon payment of the Variation Payment to the Company, the relevant Performance Shares will rank pari passu all with existing ordinary shares of the Company and trade together in the public market. On the other hand, at no time prior to a Variation Event will the holder be permitted to transfer any Performance Shares, and no dividend or voting rights will attach to any Performance Shares unless and until varied. In the event that the Variation Event does not occur prior or upon to the End Date, the Company will pay the Issue Price that it received from the holder for the applicable Performance Shares and then redeem and cancel those Performance Shares.

No Performance Shares were issued during the year. In the year ended 2014, Mr. McCann was issued 20.0 million Performance Shares at an Issue Price of \$0.00001 per ordinary share with End Date of the third anniversary of issuance, Variation Payment of \$0.10 per ordinary share and the Variation Event being the 90 day VWAP of our ordinary shares exceeding \$0.40 per share. All above performance shares expire on 28 November 2016 and were redeemed by the company, resulting in \$200 being transferred to accumulated losses during the year.

#### (c) Options

##### *Options granted*

During the year, the Company was under administration and no new options over ordinary shares were granted.

##### *Unissued shares under option*

At the date of this report, unissued ordinary shares of the Company under option are:

Table A - Unissued ordinary shares under option

<b>Class</b>	<b>Expiry Date</b>	<b>Exercise</b>	<b>Number of Options</b>
Unlisted Director Options	26-Nov-17	\$0.19	7,500,000
Unlisted Options - Director	27-Nov-18	\$0.15	2,000,000
Unlisted Options - Director	28-Apr-18	\$0.02	1,000,000
Unlisted Options - Director	28-Apr-18	\$0.03	1,000,000
Entitlement Issue	12-Apr-19	\$0.04	408,943,371
Underwriting fees	12-Apr-19	\$0.04	8,250,000
Broker commission	12-Apr-19	\$0.04	1,699,192
Short term loan fees & interest	12-Apr-19	\$0.04	2,062,192
Corporate advisory fees	12-Apr-19	\$0.04	10,000,000
Unlisted Options over American Depositary	Refer to table D		27,100,000
<b>Total</b>			<b>469,554,755</b>

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2017

### NOTE 14: ISSUED CAPITAL AND RESERVES

Table B - Unissued Options over American Depositary Shares (where one ADS = 40 Ordinary shares)

Class	Grant Date	Expiry Date	Exercise Price (per ADS in US\$)	Number granted (in ADSs)	Number granted (in ordinary shares)
Unlisted Options - Employee	19-Sep-15	31-Jul-17	\$4.00	20,000	800,000
Unlisted Options - Employee	22-Sep-15	22-Sep-17	\$3.00	25,000	1,000,000
Unlisted Options - Director	1-Sep-15	27-Nov-19	\$5.35	150,000	6,000,000
Unlisted Options - Director	1-Sep-15	27-Nov-20	\$5.35	150,000	6,000,000
Unlisted Options - Director	1-Sep-15	27-Nov-18	\$3.55	75,000	3,000,000
Unlisted Options - Director	1-Sep-15	27-Nov-18	\$3.55	75,000	3,000,000
Unlisted Options - Director	1-Oct-15	27-Nov-18	\$3.55	50,000	2,000,000
Unlisted Options - Director	15-Jan-16	31-Dec-18	\$1.14	100,000	4,000,000
<b>Total</b>				<b>645,000</b>	<b>25,800,000</b>

#### Lapse of options

During or since the end of the financial year, the following options lapsed: [Table E - lapsed options](#)

Class	Expiry Date	Exercise Price	Number of Options
Unlisted Director Options	30-Jul-16	\$0.04	5,000,000
Unlisted Options	30-Jul-16	\$0.04	5,000,000
Unlisted Employee Options	31-Jul-16	\$0.06	500,000
Unlisted Employee Options	31-Jul-16	\$0.17	4,250,000
Unlisted Director Options	26-Nov-16	\$0.19	3,000,000
Unlisted Employee Options	31-Jan-17	\$0.20	1,000,000
Unlisted Employee Options	20-Dec-16	\$0.20	1,000,000
Unlisted Employee Options	31-Dec-16	\$0.17	700,000
Unlisted Employee Options	31-Dec-16	\$0.08	750,000
Entitlement Issue	12-Apr-17	\$0.02	408,943,371
Underwriting fees	12-Apr-17	\$0.02	8,250,000
Broker commission	12-Apr-17	\$0.02	1,699,192
Short term loan fees & interest	12-Apr-17	\$0.02	2,062,192
Corporate advisory fees	12-Apr-17	\$0.02	10,000,000
<b>Total</b>			<b>452,154,755</b>

Class	Expiry Date	Exercise Price	Number of ADS*
Unlisted ADS Options	31-Dec-16	\$6.29	25,000
Unlisted ADS Options	3-Dec-16	\$4.58	7,500
<b>Total</b>			<b>32,500</b>

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2017

### NOTE 14: ISSUED CAPITAL AND RESERVES

#### (d) Reserves

##### Foreign currency translation reserve

This reserve comprises all foreign currency differences arising from the translation of the financial statements of foreign operations to Australian dollars.

##### Share-based payments reserve

This reserve was used to recognise the value of share based payments.

#### Consolidated

	2017	2016
	\$	\$
<b>Foreign currency translation reserve</b>		
Balance at beginning of the year	2,557,928	1,967,505
Currency translation differences	(411,498)	590,423
<b>Balance at the end of the year</b>	<b>2,146,430</b>	<b>2,557,928</b>
<b>Share-based payments reserve</b>		
Balance at beginning of the year	11,495,550	10,246,475
Share-based payments	87,395	1,249,075
Balance at the end of the year	11,582,945	11,495,550
<b>TOTAL RESERVES</b>	<b>13,729,375</b>	<b>14,053,478</b>

### NOTE 15: CONTINGENT LIABILITIES

There were no contingent liabilities at 30 June 2017 (2016: \$Nil)



**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 30 JUNE 2017**

**NOTE 16: RELATED PARTY DISCLOSURE**

(a) Parent entity

The ultimate parent entity within the Group is Azure Health Technology (Previously called Moko Social Media Limited).

(b) Subsidiary

Name of Entity	Controlled Share	Class of	Place of Incorporation	% Held by Parent Entity	
				2017	2016
MOKO Mobi Inc		Ordinary	United States of America	100%	100%
Paper Tree Limited		Ordinary	British Virgin Islands	100%	100%
Tagroom Pty Limited		Ordinary	Australia	94.2%	94.2%

(c) Key management personnel

Disclosures relating to key management personnel are set out in Note 19.

(d) Transactions with related parties

Amounts recognised as expense	2017	2016
	\$	\$
Office Rent	-	1,664

Greg McCann, Non-Executive Chairman, is an associate of Consortio Pty Limited ("Consortio") who leases office space in Sydney to MOKO. The lease agreement between MOKO and Consortio was based on normal commercial terms and terminated on 1 August 2015.

**NOTE 17: PARENT ENTITY INFORMATION**

	Parent	
	2017	2016
	\$	\$
Current assets	-	1,197,872
Total assets	-	1,805,836
Current liabilities	(3,409,201)	(436,660)
Total liabilities	(3,409,201)	(475,478)
Net assets	(3,409,201)	1,330,358
Issued capital	69,142,533	69,142,733
Reserves	11,582,945	11,495,549
Accumulated losses	(84,134,679)	(79,307,924)
Total equity	(3,409,201)	1,330,358
Loss of the parent entity after tax	(4,826,755)	(6,004,302)
Other comprehensive income / (loss), net of tax	-	-
Total comprehensive loss of the parent entity	(4,826,755)	(6,004,302)

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 30 JUNE 2017**

**NOTE 18: KEY MANAGEMENT PERSONNEL DISCLOSURES**

**(i) Directors in office during the financial year were:**

Shripal Shah	Non-Executive Director (Resigned 29 May 2017)
Greg McCann	Non-Executive Director (Resigned 7 October 2016)
Emma Waldon	Non-Executive Director (Resigned 18 December 2018). Company Secretary (Resigned 18 February 2019)
Edward Bralower	Non-Executive Director (Resigned 18 December 2018)
James Ross	Non-Executive Director (Appointed 7 October 2016 and Resigned 17 February 2017)
Malcolm James	Non-Executive Director (Appointed 7 October 2016 and Resigned 18 December 2018)
Greg Starr	Non-Executive Director (Appointed 18 December 2018), Company Secretary (Appointed 18 February 2019)
Steve Nicols	Non-Executive Director (Appointed 18 December 2018 and resigned 15 March 2019)
Greg Cornelson	Non-Executive Director (Appointed 18 December 2018 and resigned 15 March 2019)
Steven Jiayi Yu	Non-Executive Director (Appointed 28 March 2019)
Mr Wei Jiang	Non-Executive Chairman (Appointed 15 March 2019)
Weidong Chen	Non-Executive Director (Appointed 15 March 2019)

Key management personnel remuneration has been included in the Remuneration Report section of the Directors' Report.

**NOTE 20: FINANCIAL REPORTING BY SEGMENTS**

MOKO Social Media Limited is organized into three operating segments: Mobile Social, Mobile Advertising and Mobile Commerce. Mobile Commerce was sold in March 2016. (2015: three operating segments including Mobile Social, Mobile Advertising and Mobile Commerce). These operating segments are based on the internal reports that are reviewed and used by the Board of Directors in assessing performance and in determining the allocation of resources. There is no aggregation of operating segments. Segment Mobile Commerce was discontinued after MOKO sold Deals I Love (Australia) on 30 March 16.

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 30 JUNE 2017**

**NOTE 21: FINANCIAL INSTRUMENTS**

**Capital risk management**

Prudent capital risk management implies maintaining sufficient cash and marketable securities to ensure continuity to be able to conduct the Company's business in an orderly and professional manner. The Board monitors its future capital requirements on a regular basis and will when appropriate consider the need for raising additional equity capital.

The capital structure of the Company consists of debt, which includes borrowings disclosed in note 13 and equity attributable to equity holders comprising capital, reserves and retained earnings or accumulated losses as disclosed in note 14.

**Financial risk management**

The Company's financial instruments consist mainly of payable and borrowings.

The Company does not speculate in the trading of derivative instruments. The main risks the Company is exposed to through its financial instruments is liquidity risk.

**Liquidity risk**

The Company manages liquidity risk by monitoring immediate and forecast cash requirements and ensuring adequate cash reserves are maintained.

Liquidity risk management

Ultimate responsibility for liquidity risk management rests with the board of Directors, who have built an appropriate liquidity risk management framework for the management of the Company's short, medium and long term funding and liquidity management requirements. The Company manages liquidity risk by maintaining adequate reserves, banking facilities and reserve borrowing facilities by continuously monitoring forecast and actual cash flows and matching the maturity profiles of financial assets and liabilities.

**Net fair value**

The net fair value of cash and cash equivalents and non-interest bearing monetary financial assets and financial liabilities approximates their carrying value.

The net fair value of financial assets and financial liabilities is based on upon market prices where a market exists or by discounting the expected future cash flows by the current interest rates for assets and liabilities with similar risk profiles.

## **NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2017**

### **NOTE 22: EVENTS SUBSEQUENT TO THE END OF THE REPORTING PERIOD**

On 20 August 2017, a proposed DOCA was submitted by Trevor Nairn, a party related to Rhonda Nairn (the secured creditor), proposing to recapitalise the company.

On 15 November 2017, a DOCA was signed. However, this DOCA could not be completed.

A proposal from Benelong Capital Partners Ltd (Benelong), for the restructure and recapitalisation of the company via a varied DOCA was submitted on 27 June 2018.

The Creditors agreed to the Benelong Recapitalisation Proposal. A deed of company arrangement was entered into on 20 August 2018 under which Mr Jason Mark Tracy was appointed Deed Administrator.

On 15 November 2018, the Administrators and Trevor Nairn executed the DOCA in line with the DOCA proposal put to Creditors on 6 November 2018.

In summary, the Recapitalisation Deed provided for:

- Consolidation of shares and options on a 382 to 1 basis
- Allotment of shares to the secured Creditor (30,655,000 Fully Paid Shares to Rhonda Nairn)
- Allotment of shares to RPK Nominees P/L (1,000,000 shares)
- Allotment of Shares to Mr Wei Jiang (144,000,000 Fully paid shares for \$355,000)
- Appointment of Gregory Barry Starr as Director
- Appointment of Steve Nicols as Director
- Appointment of Greg Cornelson as Director
- Benelong Capital Partners P/L contributes \$170,000 to meet the costs of the deed administrator and meet the claims of the employees.
- A creditors' trust ("the Creditors' Trust") would be established for the benefit of all pre-Administration creditors of the Company. All remaining claims against the company will be transferred to the Creditors trust, thus extinguishing such claims against the company.
- Shares in the subsidiaries of the company will be transferred to the Creditors trust

The Revised DOCA was approved by shareholders at the General meeting on 18 December 2018 and the Company was removed from external administration. Following the effectuation of the DOCA, Emma Waldon, Edward Bralower and Malcolm James resigned as directors of the Company. On 12 Feb 2019, the Board of the Company appointed Mr Gregory Barry Starr as Secretary, replacing Emma Waldon who had resigned following the effectuation of the DOCA.

The Company also changed its name on 5 Feb 2019 to Azure Health Technology Limited.

On 15 March 2019, Steve Nicols and Greg Cornelson resigned as Directors and Mr Wei Jiang and Weidong Chen were both appointed as Directors.

On 28 March 2019, Steven Jiayi Yu was appointed as Director.

Under the Australian Securities Exchange Listing rules ASX's policy is to remove from the official list any entity whose securities have been suspended from trading for a continuous period of 3 years. In the company's case, it will have been continuously suspended for 3 years on 25 January 2020, with removal taking effect on 26 January 2020. As per ASX's revised Guidance Note 33 released in April 2019, this policy will be changing as of 3 February 2020, but due to the abovementioned dates, this will not affect AZT's current removal date if its securities remain continuously suspended from trading as at 25 January 2020.

ASX may agree to a short extension of the 3 year deadline for the automatic removal of a long-term suspended entity if the entity can demonstrate to ASX's satisfaction that it is in the final stages of implementing a transaction that will lead to the resumption of trading in its securities. For these purposes, "final stages" means:

- having announced the transaction to the market;
- having signed definitive legal agreements for the transaction (including for any financing required in respect of the transaction);
- if the transaction requires a prospectus or product disclosure statement to be lodged with ASIC, having lodged that document with ASIC and it not being the subject of a stop order or other regulatory action by ASIC;
- if the transaction requires approval by security holders or from a governmental agency or financier, the entity having obtained all such approvals; and

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 30 JUNE 2017**

- ASX otherwise being satisfied that the transaction is reasonably capable of being consummated within the period of the extension.

The extension, if granted, will be for no more than 3 months (it may be shorter if ASX considers that the transaction ought to be reasonably capable of being consummated in a lesser period).

There is no certainty that the Company will be requoted.

**DIRECTORS' DECLARATION**

1. In the opinion of the Directors of Azure Health Technology Limited ("the Company"):

a) the accompanying financial statements and notes are in accordance with the Corporations Act 2001, including:

i) giving a true and fair view of the Group's financial position as at 30 June 2017 and of its performance for the year then ended; and

ii) complying with Australian Accounting Standards, the Corporations Regulations 2001, professional reporting requirements and other mandatory requirements.

b) there are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable.

c) the financial statements and notes thereto are in accordance with International Financial Reporting Standards issued by the International Accounting Standards Board.

2. This declaration has been made after receiving the declarations required to be made to the Directors in accordance with Section 295A of the Corporations Act 2001 for the financial year ended 30 June 2017.

This declaration is signed in accordance with a resolution of the Board of Directors.



.....  
Wei Jiang  
Chairman  
SYDNEY, New South Wales  
19 July 2019

**AZURE HEALTH TECHNOLOGY LIMITED  
(FORMERLY MOKO SOCIAL MEDIA LIMITED)  
ABN 31 111 082 485  
AND CONTROLLED ENTITIES**

**INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF  
AZURE HEALTH TECHNOLOGY LIMITED**

**SYDNEY**

Level 40  
2 Park Street  
Sydney NSW 2000  
Australia

Ph: (612) 9263 2600  
Fx: (612) 9263 2800

***Disclaimer of Opinion***

We were engaged to audit the financial report of Azure Health Technology Limited and its controlled entities (the group), which comprises the consolidated statement of financial position as at 30 June 2017, the consolidated statement of profit or loss and 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, and the directors' declaration.

We do not express an opinion on the accompanying financial report of the group. Because of the significance of the matter described in the Basis for Disclaimer of Opinion section of our report, we have not been able to obtain sufficient appropriate audit evidence to provide a basis for an audit opinion on this financial report.

***Basis of Disclaimer of Opinion***

As disclosed in the Directors' Report, on 31 May 2017, the group was placed into voluntary administration. On 7 November 2017, the group entered a Deed of Company Arrangement (DOCA) and was then recapitalised and returned to normal trading following the effectuation of the DOCA on 18 December 2018. The accounting and statutory records prior to 18 December 2018 were not adequate to permit the application of necessary audit procedures. As such, we are unable to obtain all the information and explanations we require in order to form an opinion on the financial report.

***Responsibilities of the Directors for the Financial Report***

The directors of the company are responsible for the preparation of the financial report that gives a true and fair view in accordance with Australia Accounting Standards and the Corporations Act 2001 and for such internal control as directors determine is necessary to enable the preparation of the financial report that gives a true and fair view and is free from material misstatement, whether due to fraud or error.

In preparing the financial report, 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 responsible for overseeing the financial reporting process of the group.

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**AZURE HEALTH TECHNOLOGY LIMITED  
(FORMERLY MOKO SOCIAL MEDIA LIMITED)  
ABN 31 111 082 485  
AND CONTROLLED ENTITIES**

**INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF  
AZURE HEALTH TECHNOLOGY LIMITED**

***Auditor's Responsibility for the Audit of the Financial Report***

Our responsibility is to conduct an audit of the financial report in accordance with Australian Auditing Standards and to issue an auditor's report. However, because of the matter described in the Basis for Disclaimer of Opinion section of our report, we were not able to obtain sufficient appropriate audit evidence to provide a basis for an audit opinion on the financial report.

We are independent of the group in accordance with the ethical requirements of the Accounting Professional and Ethical Standards Board's APES 110 Code of Ethics for Professional Accountants (the Code) that are relevant to our audit of the financial report in Australia. We have also fulfilled our other ethical responsibilities in accordance with the Code.

**Report on the Remuneration Report**

We have audited the remuneration report included in pages 10 to 15 of the directors' report for the year ended 30 June 2017. The directors of the company are responsible for the preparation and presentation of the remuneration report in accordance with s 300A of the Corporations Act 2001. Our responsibility is to express an opinion on the remuneration report, based on our audit conducted in accordance with Australian Auditing Standards.

***Disclaimer of Auditor's Opinion***

In our opinion, because of the existence of the limitation on the scope of our work as described in the Basis for Disclaimer of Opinion section of our report and the effects of such adjustments, if any, as might have been determined to be necessary had the limitation not existed, we are unable to and do not express an opinion as to whether the Remuneration Report is in accordance with section 300A of the Corporations Act 2001.

*Hall Chadwick*

HALL CHADWICK  
Level 40, 2 Park Street  
Sydney NSW 2000



**DREW TOWNSEND**  
Partner  
Dated: 19 July 2019

**SUPPLEMENTARY INFORMATION**

The shareholder information set out below was applicable as at 18 July 2019

(i) Distribution schedule of Fully paid Ordinary Shares (ASX: MKB)

Range	Securities	%	No of Holders	%
100,001 and Over	1,623,109,480	97.79	672	17.67
10,001 to 100,000	33,091,946	1.99	754	19.83
5,001 to 10,000	1,906,421	0.11	230	6.05
1,001 to 5,000	1,305,073	0.08	503	13.23
1 to 1,000	383,206	0.02	1,643	43.21
<b>Total</b>	<b>1,659,796,126</b>	<b>100</b>	<b>3,802</b>	<b>100</b>

There were 3,227 holders of less than a marketable parcel of ordinary shares.

**(ii) Distribution schedule of unlisted options over ordinary share holdings**

Range	(1)	(2)	(3)	(4)	(5)	(6)	(7)*	(8)*	(9)	(10)*	(11)*
100,001 & Over	1	3	1	1	1	1	1	1	1	266	266
10,001 to 100,000	-	-	-	-	-	-	-	-	-	127	127
5,001 to 10,000	-	-	-	-	-	-	-	-	-	34	34
1,001 to 5,000	-	-	-	-	-	-	-	-	-	63	63
1 to 1,000	-	-	-	-	-	-	-	-	-	51	51
<b>Total</b>	<b>1</b>	<b>3</b>	<b>1</b>	<b>1</b>	<b>1</b>	<b>1</b>	<b>1</b>	<b>1</b>	<b>1</b>	<b>541</b>	<b>541</b>

Number	Expiry Date	Exercise Price	Number under option
(1)*	26-Nov-16	\$0.19	5,000
(2)*	20-Dec-16	\$0.20	1,000,000
(3)*	31-Dec-16	\$0.17	700,000
(4)*	31-Dec-16	\$0.08	750,000
(5)*	31-Jan-17	\$0.20	1,000,000
(6)*	26-Nov-17	\$0.19	7,500,000
(7)*	27-Nov-18	\$0.15	2,000,000
(8)*	28-Apr-18	\$0.02	1,000,000
(9)*	28-Apr-18	\$0.03	1,000,000
(10)^	12-Apr-17	\$0.02	430,954,755
(11)^	12-Apr-19	\$0.04	430,954,755
<b>Total</b>			<b>879,859,510</b>

\* Employee share options - Details of holders of unlisted share options in the employee share option category are exempted from disclosure under Chapter Four of the ASX listing rules.



**SUPPLEMENTARY INFORMATION****Twenty Largest Shareholders**

The names of the twenty largest shareholders as at 18 February 2018 were as follows:

Rank	Shareholder Name	Holding	%
1	NATIONAL NOMINEES LIMITED	183,609,004	11.06
2	AUXILIATUS PTY LTD	150,000,000	9.04
3	MR TREVOR DOUGLAS NAIRN	94,535,455	5.70
4	UBS NOMINEES PTY LTD	62,500,000	3.77
5	GREATSIDE HOLDINGS PTY LTD	44,950,100	2.71
6	ICE COLD INVESTMENTS PTY LTD	35,000,000	2.11
7	HSBC CUSTODY NOMINEES (AUSTRALIA) LIMITED	32,445,530	1.95
8	ICE COLD INVESTMENTS PTY LTD	30,000,000	1.81
9	OCCASIO HOLDINGS PTY LTD	26,000,000	1.57
10	MARGADH STOC PTY LTD	23,270,000	1.40
11	FIRST INVESTMENT PARTNERS PTY LTD	22,000,000	1.33
12	WESTRADE RESOURCES PTY LTD	20,187,441	1.22
13	J P MORGAN NOMINEES AUSTRALIA LIMITED	18,218,237	1.10
14	MR BRADLEY JOHN HARRIS	16,000,000	0.96
15	MR GREGORY RONALD MCCANN & MRS JANE LOUISE MCCANN	15,194,444	0.92
15	FLORENCE PROPRIETARY LIMITED	15,194,444	0.92
16	MR JOHN ANASSIS	13,675,197	0.82
17	SPO EQUITIES PTY LIMITED	12,452,381	0.75
18	ZERO NOMINEES PTY LTD	11,265,189	0.68
19	P THICK PTY LTD	10,825,000	0.65
20	REEF INVESTMENTS PTY LTD	10,437,090	0.63
	<b>Top 20</b>	<b>847,759,512</b>	<b>51.08</b>

**Substantial Shareholders**

Substantial shareholders in the Company as disclosed in the substantial shareholder notices given to the Company as at 17 February 2018 were:

**No. of Shares**

Peter Yates	50,163,402	6.70%
Trevor Douglas Nairn	144,915,905	17.77%

**Voting Rights**

The voting rights attaching to each class of equity securities are set out below:

(i) Ordinary shares: Subject to any rights or restrictions for the time being attached to any class of shares, at a meeting of shareholders each shareholders entitled to vote may vote in person or by proxy or attorney or, being a corporation, by representative duly authorised under the Corporations Law, and has one vote on a show of hands and one vote per fully paid share on a poll

(ii) Options: No voting rights.

**On-market Buy-back**

Currently there is no on-market buy-back of the Company's securities.

**Restricted Securities**

The Company does not hold any restricted securities

**Listing Rule 4.10.13**

Azure Health Technology Limited securities are quoted on the following exchanges: ASX under the code AZT

**Analysis of numbers of equity security holders by size of holding:**

There were 3,227 holders of less than a marketable parcel of ordinary shares.