



**hmvod Limited**  
**hmvod 視頻有限公司**

*(Incorporated in the Cayman Islands with limited liability)*

**(Stock Code: 8103)**

**FINAL RESULTS ANNOUNCEMENT**  
**FOR THE YEAR ENDED 31 MARCH 2019**

**CHARACTERISTICS OF GEM OF THE STOCK EXCHANGE OF HONG KONG LIMITED (THE “STOCK EXCHANGE”)**

**GEM has been positioned as a market designed to accommodate small and mid-sized companies to which a higher investment risk may be attached than other companies listed on the Stock Exchange. Prospective investors should be aware of the potential risks of investing in such companies and should make the decision to invest only after due and careful consideration.**

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

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

## CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

*For the year ended 31 March 2019*

	<i>Notes</i>	<b>2019</b> <i>HK\$'000</i>	2018 <i>HK\$'000</i> (Restated)
Turnover	4	<u>209,412</u>	<u>241,248</u>
Revenue	4	<b>55,310</b>	39,028
Other income and gains	5	<b>16,774</b>	30
Subcontractors costs		<b>(51,029)</b>	(24,844)
Other expenses		<b>(27,022)</b>	(24,240)
Impairment loss on trade and other receivables		<b>(1,174)</b>	(369)
Impairment loss on goodwill		<b>(21,294)</b>	(5,657)
Impairment loss on intangible assets		–	(3,252)
Fair value change of contingent consideration		–	(6,352)
Fair value change of equity investments at fair value through profit or loss		<b>(2,086)</b>	–
Loss on disposal of financial assets at fair value through profit or loss		<b>(7,073)</b>	(11,163)
Net loss on change in fair value of financial assets at fair value through profit or loss		–	1,570
Finance costs	7	<b>(21,350)</b>	(30,400)
Depreciation of plant and equipment		<b>(809)</b>	(193)
Amortisation of intangible assets		–	–
Staff costs, including Directors' emoluments		<u><b>(9,466)</b></u>	<u>(10,266)</u>
Loss before tax		<b>(69,219)</b>	(76,108)
Income tax expenses	8	<u><b>2,231</b></u>	<u>541</u>
Loss for the year from continuing operations		<b>(66,988)</b>	(75,567)
Profit/(Loss) for the year from discontinued operations		<u><b>30,620</b></u>	<u>(15,733)</u>
Loss for the year	9	<b>(36,368)</b>	(91,300)
Other comprehensive income/(loss)			
Item that will not be reclassified subsequently to profit or loss:			
Exchange difference arising on translation of foreign operations		<u><b>6,092</b></u>	<u>(3,146)</u>
Total comprehensive expenses for the year		<u><b>(30,276)</b></u>	<u>(94,446)</u>

	<i>Notes</i>	<b>2019</b> <b>HK\$'000</b>	2018 HK\$'000 (Restated)
Loss for the year attributable to:			
Owners of the Company		(33,589)	(86,135)
Non-controlling interest		<u>(2,779)</u>	<u>(5,165)</u>
		<b><u>(36,368)</u></b>	<b><u>(91,300)</u></b>
 Total comprehensive expense for the year attributable to:			
Owners of the Company		(27,509)	(89,306)
Non-controlling interest		<u>(2,767)</u>	<u>(5,140)</u>
		<b><u>(30,276)</u></b>	<b><u>(94,446)</u></b>
 Loss per share from continuing and discontinued operations			
– Basic and diluted	<i>11</i>	<b><u>HK(23.61) cents</u></b>	<u>HK(63.04) cents</u>
 Loss per share from continuing operations			
– Basic and diluted	<i>11</i>	<b>HK(45.14) cents</b>	HK(51.52) cents
 Earnings per share from discontinued operations			
– Basic and diluted	<i>11</i>	<b><u>HK21.52 cents</u></b>	<u>HK(11.51) cents</u>

## CONSOLIDATED STATEMENT OF FINANCIAL POSITION

For the year ended 31 March 2019

	Notes	2019 HK\$'000	2018 HK\$'000
<b>Non-current Assets</b>			
Plant and equipment		2,010	3,493
Investment property		–	136,000
Goodwill		37,450	58,745
Investment in associates	12	–	77,413
Deferred tax asset		9,329	8,234
Intangible assets		22,384	29,271
Available-for-sale investments		–	6,600
		<u>71,173</u>	<u>319,756</u>
<b>Current Assets</b>			
Trade and other receivables	13	18,003	39,198
Loan receivables		–	500
Deposits and prepayments		2,193	8,462
Amounts due from customers for contract work		–	715
Financial assets at fair value through profit or loss		–	62,841
Equity investments at fair value through profit or loss		3,741	–
Tax recoverable		–	89
Pledged bank balance		–	1,001
Bank balances and cash		2,592	5,666
		<u>26,529</u>	<u>118,472</u>
<b>Current Liabilities</b>			
Amounts due to customers for contract work		–	1,276
Trade and other payables	14	89,883	136,870
Margin payables		–	23,256
Receipts in advance		–	4,757
Bank overdraft		46	624
Bank and other borrowings	15	63,990	207,202
Bonds		9,522	–
Promissory note		13,890	–
Tax payable		383	4,955
		<u>177,714</u>	<u>378,940</u>
<b>Net Current Liabilities</b>		<u>(151,185)</u>	<u>(260,468)</u>
<b>Total Assets less Current Liabilities</b>		<u>(80,012)</u>	<u>59,288</u>

	<i>Notes</i>	<b>2019</b> <b>HK\$'000</b>	2018 <i>HK\$'000</i>
<b>Capital and Reserves</b>			
Share capital	<i>16</i>	<b>142</b>	142
Share premium and reserves		<u><b>(83,653)</b></u>	<u>(54,819)</u>
Deficit attributable to owners of the Company		<b>(83,511)</b>	(54,677)
Non-controlling interest		<u><b>(8,091)</b></u>	<u>(5,324)</u>
Total Deficit		<u><b>(91,602)</b></u>	<u>(60,001)</u>
<b>Non-current Liabilities</b>			
Bonds		<b>7,897</b>	15,274
Promissory note		–	99,185
Deferred tax liabilities		<u><b>3,693</b></u>	<u>4,830</u>
		<u><b>11,590</b></u>	<u>119,289</u>
		<u><b>(80,012)</b></u>	<u>59,288</u>

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

*For the year ended 31 March 2019*

## 1. GENERAL

The Company was incorporated in the Cayman Islands as an exempted company with limited liability under the Companies Law of the Cayman Islands. The address of its registered office 3rd Floor, 24 Shedden Road, P.O. Box 1586, Grand Cayman, KY1-1110, Cayman Islands. The address of its principal place of business in Hong Kong is Unit B, 29/F., CKK Commercial Centre, 289-295 Hennessy Road, Wanchai, Hong Kong. The Company's shares are listed on Growth Enterprise Market of the Stock Exchange of Hong Kong Limited (the "GEM").

The functional currency of the Company is Renminbi ("RMB"). The consolidated financial statements are presented in Hong Kong dollar ("HK\$") as the directors of the Company consider that HK\$ is the appropriate presentation currency for the users of the Group's financial statements given that the shares of the Company are listed on the GEM.

## 2. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS

### Statement of Compliance and Basis of Preparation

The consolidated financial statements have been prepared in accordance with Hong Kong Financial Reporting Standards ("HKFRSs") issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA"). In addition, the consolidated financial statements include applicable disclosures required by the Rules Governing the Listing of Securities on the GEM of the Stock Exchange of Hong Kong Limited (the "GEM Listing Rules") and by the Hong Kong Companies Ordinance.

The consolidated financial statements have been prepared on the historical cost basis except for investment property and financial assets at fair value through profit or loss which were measured at fair value, as explained in the accounting policies below. Historical cost is generally based on the fair value of the consideration given in the exchange for goods.

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date, regardless of whether that price is directly observable or estimated using another valuation technique. In estimating the fair value of an asset or a liability, the Group takes into account the characteristics of the asset or liability if market participants would take those characteristics into account when pricing the asset or liability at the measurement date. Fair value for measurement and/or disclosure purposes in these consolidated financial statements is determined on such a basis, except for share-based payment transactions that are within the scope of HKFRS 2, leasing transactions that are within the scope of HKAS 17, and measurements that have some similarities to fair value but are not fair value, such as net realisable value in HKAS 2 or value in use in HKAS 36.

In addition, for financial reporting purposes, fair value measurements are categorised into Level 1, 2 or 3 based on the degree to which the inputs to the fair value measurements are observable and the significance of the inputs to the fair value measurement in its entirety, which are described as follows:

- Level 1 inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date;
- Level 2 inputs are inputs, other than quoted prices included within Level 1, that are observable for the asset or liability, either directly or indirectly; and
- Level 3 inputs are unobservable inputs for the asset or liability.

In preparing these consolidated financial statements, the directors have considered the future liquidity of the Group. As at 31 March 2019, the Group had recorded net current liabilities and net liabilities of approximately HK\$151,185,000 and HK\$91,602,000 respectively. These conditions indicate the existence of a material uncertainty which may cast significant doubt about the Group's ability to continue as a going concern and therefore the Group may be unable to realise its assets and discharge its liabilities in the normal course of business.

Notwithstanding the aforesaid conditions, the consolidated financial statements have been prepared on a going concern basis on the assumption that the Group will be able to operate as a going concern for the foreseeable future. In the opinion of the directors, the Group can meet its financial obligations as and when they fall due within the next year from the date of the consolidated financial statements, after taking into consideration of the following measures and arrangements made subsequent to the reporting date:

1. on 19 June 2019, the Company and promissory note holder mutually agreed to waive the principal and interest amount of approximately HK\$13,890,000.
2. On 14 June 2019, the Group has renewed the other borrowings of approximately HK\$17,000,000 in which the final repayment date would be 26 June 2020.

In light of the measures and arrangements implemented to date, the directors are of the view that the Group has sufficient cash resources to satisfy its working capital and other financial obligations for the next twelve months from the date of the consolidated financial statements, after having taken into account of the Group's projected cash flows, current financial resources and capital expenditure requirements with respect to the development of its businesses. Accordingly, the directors are of the view that it is appropriate to prepare these consolidated financial statements on a going concern basis. Should the Group be unable to continue to operate as a going concern, adjustments would have to be made to restate the value of assets to their recoverable amounts, to provide for any further liabilities which might arise and to reclassify non-current assets and non-current liabilities as current assets and current liabilities, respectively. The effects of these potential adjustments have not been reflected in these consolidated financial statements.

### 3. APPLICATION OF NEW AND REVISED HKFRSs

#### **New and Amendments to HKFRSs that are mandatorily effective for the current year**

In the current year, the Group has adopted the following amended HKFRSs and HKASs issued by the HKICPA for the first time in the current year.

HKFRS 9	Financial Instruments
HKFRS 15	Revenue from Contracts with Customers and the related Amendments
HK (IFRIC) – Int 22	Foreign Currency Transactions and Advance Consideration

Except as described below, the application of the new and amendments to HKFRSs in the current year has had no material impact on the Group's financial performance and positions for the current and prior years and/or on the disclosures set out in these consolidated financial statements.

#### **HKFRS 15 Revenue from Contracts with Customers**

The Group has applied HKFRS 15 for the first time in the current year. HKFRS 15 superseded HKAS 18 Revenue, HKAS 11 Construction Contracts and the related interpretations.

The Group has applied HKFRS 15 retrospectively with the cumulative effect of initially applying this Standard recognised at the date of initial application, 1 April 2018. Any difference at the date of initial application is recognised in the opening retained profits and comparative information has not been restated. Furthermore, in accordance with the transition provisions in HKFRS 15, the Group has elected to apply the Standard retrospectively only to contracts that are not completed at 1 April 2018 and has used the practical expedient for all contract modifications that occurred before the date of initial application, the aggregate effect of all of the modifications was reflected at the date of initial application. Accordingly, certain comparative information may not be comparable as comparative information was prepared under HKAS 18 Revenue and HKAS 11 Construction Contracts and the related interpretations.

The Group recognises revenue from the following major sources which arise from contracts with customers:

1. Service income from systems development
2. Service income from information technology engineering and technical support
3. Subscription fee income from over-the-top services



The application of HKFRS 15 has not had material impact on the timing of revenue being recognised. However, the application of HKFRS 15 has had the following presentation changes:

	<b>Carrying amount as at 1 April 2018</b>	<b>Carrying amount as at 31 March 2019</b>
	<i>HK\$'000</i>	<i>HK\$'000</i>
Deposits and instalments received from customers (that were presented as “amount due from/(to) customers for contract work” in the consolidated statement of financial position as of 31 March 2018) are presented as “contract liabilities” in the consolidated statement of financial position under HKFRS 15	715	–

Information about the Group’s performance obligations and the accounting policies resulting from application of HKFRS 15 are disclosed in notes to the consolidated financial statements.

### **HKFRS 9 Financial Instruments**

In the current year, the Group has applied HKFRS 9 Financial Instruments and the related consequential amendments to other HKFRSs. HKFRS 9 introduces new requirements for 1) the classification and measurement of financial assets and financial liabilities, 2) expected credit losses (“ECL”) for financial assets and other items (for example, contract assets, lease receivables and financial guarantee contracts).

The Group has applied HKFRS 9 in accordance with the transition provisions set out in HKFRS 9, i.e. applied the classification and measurement requirements (including impairment under ECL model) retrospectively to instruments that have not been derecognised as at 1 April 2018 (date of initial application) and has not applied the requirements to instruments that have already been derecognised as at 1 April 2018. The difference between carrying amounts as at 31 March 2018 and the carrying amounts as at 1 April 2018 are recognised in the opening retained profits and other components of equity, without restating comparative information.

Accordingly, certain comparative information may not be comparable as comparative information was prepared under HKAS 39 Financial Instruments: Recognition and Measurement.

Accounting policies resulting from application of HKFRS 9 are disclosed in notes to the consolidated financial statements.

The following table shows a reconciliation from how the Group’s financial assets existed as of 1 April 2018 were classified and measured under HKAS 39 to how they are classified and measured under HKFRS 9:

Old classification under HKAS 39	New classification under HKFRS 9	Carrying amount under HKAS 39	Reclassification	Remeasurement	Note	Carrying amount under HKFRS 9
		<i>HK\$'000</i>				<i>HK\$'000</i>
Investments in unlisted equity securities	Available for sale financial assets (at cost less impairment)	6,600	6,600	(772)	Note 1	5,828

*Summary of effects arising from initial application of HKFRS 9*

Trade Receivable	Carrying amounts previously reported at 31 March 2018 <i>HKD'000</i>	Remeasurement <i>HKD'000</i>	Carrying amounts under HKFRS 9 at 1 April 2018 <i>HKD'000</i>
Loan and other receivables	6,600	(772)	5,828
Accumulated losses	575,988	772	576,760

*Note 1:*

Under HKFRS 9, investments in equity securities are required to be measured at fair value subsequently at the end of each reporting period. Accordingly, for investments in equity securities that were previously measured at cost less impairment based on the cost exemption under HKAS 39 have to be measured at fair value under HKFRS 9. Based on the specific transitional provisions set out in HKFRS 9, such investments have to be measured at fair value at the date of initial application (i.e. 1 April 2018), with any difference between the fair value and carrying amount under HKAS 39 being recognised in the opening retained earnings as of 1 April 2018.

**New and revised HKFRSs that in issue but not yet effective**

The Group has not early applied the following new and revised HKFRSs and HKASs that have been issued but are not yet effective.

HKFRS 16	Leases <sup>1</sup>
HKFRS 17	Insurance Contracts <sup>2</sup>
HK (IFRIC) – Int 23	Uncertainty over Income Tax Treatments <sup>1</sup>
Amendments to HKFRS 10 and HKAS 28	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture <sup>4</sup>
Amendments to HKAS 19	Plan Amendment, Curtailment or Settlement <sup>1</sup>
Amendments to HKAS 28	Long-term Interests in Associates and Joint Ventures <sup>1</sup>
Amendments to HKFRSs	Annual Improvements to HKFRSs 2015–2017 Cycle <sup>1</sup>
Amendments to HKFRS 3	Definition of a Business <sup>3</sup>
Amendments to HKFRS 9	Prepayment Features with Negative Compensation <sup>1</sup>
Amendments to HKAS 1 and HKAS 8	Definition of Material <sup>5</sup>

<sup>1</sup> Effective for annual periods beginning on or after 1 January 2019.

<sup>2</sup> Effective for annual periods beginning on or after 1 January 2021.

<sup>3</sup> Effective for business combinations and assets acquisitions for which the acquisition date is on or after the first period beginning on or after 1 January 2020.

<sup>4</sup> Effective for annual periods beginning on or after a date to be determined.

<sup>5</sup> Effective for annual periods beginning on or after 1 January 2020.

The directors of the Company do not anticipate that the application of these will have a material effect on the Group's consolidated financial statements.

## **HKFRS 16 Leases**

HKFRS 16 was issued in January 2016. It will result in almost all leases being recognised on the consolidated balance sheet by lessees, as the distinction between operating and finance leases is removed. Under the new standard, an asset (the right to use the leased item) and a financial liability to pay rentals are recognised. The only exceptions are short term and low-value leases.

The accounting for lessors will not significantly change.

The standard will affect primarily the accounting for Group's operating leases. As at the balance sheet date, the Group has non-cancellable operating lease commitments of approximately HK\$600,000. However, the Group has not yet determined to what extent these commitments will result in the recognition of an asset and a liability for future payments and how this will affect the Group's profit and classification of cash flows.

Some of the commitments may be covered by the exception for short-term and low value leases and some commitments may relate to arrangements that will not qualify as leases under HKFRS 16.

The Group will apply the standard from its mandatory adoption date of 1 April 2019. The Group intends to apply the simplified transition approach and will not restate comparative amounts for the year prior to first adoption. Right-of-use assets for property leases will be measured on transition as if the new rules had always been applied. All other right-of-use assets will be measured at the amount of the lease liability on adoption (adjusted for any prepaid or accrued lease expenses).

There are no other standards and interpretations that are not yet effective that would be expected to have a material impact on the Group's consolidated financial statements.

#### 4. REVENUE

Revenue of the Group, represents income from systems development, professional services rendered, proprietary trading, money lending business, rental income and over the top (“OTT”) services, net of sales related taxes if any.

	<b>2019</b>	2018
	<i>HK\$'000</i>	<i>HK\$'000</i>
		(Restated)
<b>Revenue from contracts with customers within the scope of HKFRS 15, disaggregated by major products or services lines</b>		
<b>Continuing operations</b>		
Professional services fees	<b>3,614</b>	3,107
Proprietary trading	–	5,232
Interest income arising from money lending business	<b>60</b>	303
OTT services	<b>51,636</b>	30,386
	<b>55,310</b>	39,028
<b>Discontinued operations</b>		
Revenue from provision of Systems development	<b>1,558</b>	11,868
Rental income arising from investment property	<b>600</b>	2,400
	<b>2,158</b>	14,268
Proceeds from sales of financial assets at fair value through profit or loss	<b>151,944</b>	187,952
Turnover	<b>209,412</b>	241,248

*Note:* The Group has applied HKFRS 15 using the cumulative effect transition method. Under this method, the comparative information is not restated and was measured and presented in accordance with HKAS 18 and HKAS 11.

## 5. OTHER INCOME AND GAINS

	2019 <i>HK\$'000</i>	2018 <i>HK\$'000</i> (Restated)
<b>Continuing operations</b>		
Interest income	1	1
Gain on disposal of associates	16,759	–
Others	14	29
	<u>16,774</u>	30
<b>Discontinued operations</b>		
Gain on disposal of subsidiaries	32,903	–
Bank interest income	3	24
Reversal of impairment loss in respect of:		
– trade receivables	21	3,530
– other receivables	49	61
	<u>49,750</u>	<u>3,645</u>

## 6. SEGMENT INFORMATION

The Group has adopted HKFRS 8 “Operating Segments” which requires operating segments to be identified on the basis of internal reports about components of the Group that are regularly reviewed by the chief operating decision maker for the purpose of allocating resources to segments and assessing their performance.

During the current year, the Group commenced its OTT services business through acquisition of business which formed a separate operating division of the Group. Therefore, the Group is currently organised into six operating divisions – systems development, professional services, proprietary trading, money lending, property investment and OTT services which represent the Group’s six operating segments. During the year ended 31 March 2017, the Group has five operating divisions – systems development, professional services, proprietary trading, money lending and property investment which represent the Group’s five operating segments.

### Continued operations

Professional services	– Provision of information technology engineering and technical support services including financial valuation and IT service.
Proprietary trading	– Trading of listed securities in Hong Kong.
Money lending	– Provision of financing services in Hong Kong.
OTT services	– Distribution and production of films, television programmes and music production

## Discontinued operations

- Systems development – Provision of systems development, maintenance and installation as well as consulting service and software licensing.
- Property investment – Lease of property in Hong Kong.

### a. Segment revenues and results

The following is an analysis of the Group's revenues and results by its operating and reportable segments.

For the year ended 31 March													
Continuing operations								Discontinued operations (Restated)					
Professional services		Property trading		OTT services		Money lending		System development		Property investment		Consolidated	
2019	2018	2019	2018	2019	2018	2019	2018	2019	2018	2019	2018	2019	2018
HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
<b>Continuing operations</b>													
<b>REVENUE</b>													
Revenue from external customers													
<u>3,614</u>	<u>3,107</u>	<u>-</u>	<u>5,232</u>	<u>51,635</u>	<u>30,386</u>	<u>60</u>	<u>303</u>	<u>1,558</u>	<u>11,868</u>	<u>600</u>	<u>2,400</u>	<u>57,467</u>	<u>53,296</u>
<b>RESULT</b>													
Segment results													
<u>(7,378)</u>	<u>(16,403)</u>	<u>(7,614)</u>	<u>(5,054)</u>	<u>(31,157)</u>	<u>(548)</u>	<u>(510)</u>	<u>303</u>	<u>(232)</u>	<u>403</u>	<u>600</u>	<u>(12,527)</u>	<u>(46,291)</u>	<u>(33,826)</u>
Interest income													
Unallocated income and gains													
Unallocated expenses and losses													
Finance costs													
Share of loss of associates													
Loss before tax													
												<u>(38,599)</u>	<u>(91,840)</u>

The accounting policies of the reportable segments are the same as the Group's accounting policies. Segment results represents the results of each segment without allocation of interest income, certain other income and gains and other expenses and losses (including central administration costs and directors' remunerations and finance costs) and share of results of an associate. This is the measure reported to the chief operating decision maker of the Group for the purposes of resource allocation and assessment of segment performance.

**b. Segment assets and liabilities**

The following is an analysis of the Group's assets and liabilities by its operating and reportable segments.

	At 31 March													
	Continuing operations								Discontinued operations (Restated)					
	Professional services		Proprietary trading		OTT services		Money lending		System development		Property investment		Consolidated	
	2019	2018	2019	2018	2019	2018	2019	2018	2019	2018	2019	2018	2019	2018
HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	
<b>ASSETS</b>														
<b>Segment assets</b>	<b>541</b>	5,799	-	62,841	<b>75,209</b>	105,938	-	510	-	12,774	-	136,000	<b>75,750</b>	323,862
Unallocated corporate assets														
- Plant and equipment													<b>2,010</b>	422
- Available-for-sale investments													<b>3,741</b>	6,600
- Investment in associate													-	77,413
- Other receivables, deposits and prepayments													<b>13,610</b>	23,264
- Pledged bank deposits													-	1,001
- Bank balances and cash													<b>2,591</b>	5,666
Total assets													<b>97,702</b>	438,228
<b>LIABILITIES</b>														
<b>Segment liabilities</b>	<b>1,314</b>	1,570	-	23,256	<b>83,516</b>	70,294	-	-	-	42,082	-	1,175	<b>84,830</b>	138,377
Unallocated corporate liabilities														
- Other payables													<b>24,144</b>	35,570
- Bank and other borrowings													<b>44,899</b>	199,414
- Bank overdraft													<b>45</b>	624
- Bonds													<b>17,419</b>	15,274
- Promissory notes													<b>13,890</b>	99,185
- Deferred tax liabilities													<b>3,692</b>	4,830
- Tax payable													<b>385</b>	4,955
Total liabilities													<b>189,304</b>	498,229

For the purposes of monitoring segment performance and allocating resources between segments:

- i. all major assets are allocated to reportable segments other than investment in an associate, available-for-sale investments, other receivables, deposits and prepayments, pledged bank deposits and bank balances and cash. Assets used jointly by reportable segments are allocated on the basis of the revenues earned by individual reportable segments; and
- ii. all major liabilities are allocated to reportable segments other than certain other payables, other borrowings, bonds, promissory notes, margin payable, deferred tax liabilities and tax payable. Liabilities for which reportable segments are jointly liable are allocated in proportion to segment assets.

**c. Geographical information**

Information about the Group's revenue presented based on the location of customers is as below:

	<b>2019</b> <i>HK\$'000</i>	2018 <i>HK\$'000</i> (Restated)
<b>Continuing operations</b>		
Hong Kong	<b>55,565</b>	39,028
<b>Discontinued operations</b>		
Hong Kong	<b>600</b>	2,400
PRC	<b>1,303</b>	11,868
	<b><u>57,468</u></b>	<b><u>53,296</u></b>

Information about the Group's non-current assets (excluding available-for-sale investments) presented based on the location of assets is as below:

	<b>2019</b> <i>HK\$'000</i>	2018 <i>HK\$'000</i> (Restated)
<b>Continuing operations</b>		
Hong Kong	<b>71,173</b>	181,436
PRC	–	–
<b>Discontinued operations</b>		
Hong Kong	–	136,000
PRC	–	2,320
	<b><u>71,173</u></b>	<b><u>319,756</u></b>



#### d. Other segment information

Amounts included in the measure of segment profit or loss or segment assets:

	Continuing operations								Discontinued operations				Segment total				Unallocated		Consolidated	
	Professional services		Proprietary trading		OTT services		Money lending		System development		Property investment		Segment total		Unallocated		Consolidated			
	2019	2018	2019	2018	2019	2018	2019	2018	2019	2018	2019	2018	2019	2018	2019	2018	2019	2018		
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000		
<b>Continuing Operations</b>																				
<b>Other segment information</b>																				
Depreciation of plant and equipment	(86)	(150)	-	-	(501)	(41)	-	-	(217)	(537)	-	-	(804)	(728)	(5)	(7)	(809)	(735)		
Amortisation of intangible asset	-	-	-	-	(6,887)	(5,166)	-	-	-	(886)	-	-	(6,887)	(6,052)	-	-	(6,887)	(6,052)		
Impairment loss recognised in respect of:																				
- trade and other receivables	-	(11)	-	-	(604)	-	-	-	-	(3,394)	-	-	(604)	(3,405)	(570)	(369)	(1,174)	(3,774)		
- goodwill	(4,153)	(5,657)	-	-	(17,142)	-	-	-	-	-	-	-	(17,142)	-	-	-	(21,295)	(5,657)		
- Intangible asset	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	(3,252)	-	(3,252)		
Loss on disposal of:																				
- plant and equipment	(82)	-	-	-	-	-	-	(18)	-	-	-	-	(82)	(18)	-	-	(82)	(18)		
Loss on change in fair value of:																				
- financial assets at fair value through profit or loss	-	-	-	(9,425)	-	-	-	-	-	-	-	-	-	(9,425)	-	-	-	(9,425)		
Reversal of impairment loss in respect of:																				
- trade receivables	-	166	-	-	-	-	-	-	21	3,364	-	-	21	3,530	-	-	21	3,530		
- other receivables	-	-	-	-	-	-	-	-	-	-	-	-	-	-	49	61	49	61		
Loss on fair value of investment property	-	-	-	(9,000)	-	-	-	-	-	-	-	-	-	(9,000)	-	-	-	(9,000)		
Loss on disposal of financial assets at fair value through profit or loss	-	-	(7,073)	(5,077)	-	-	-	-	-	-	-	-	(7,073)	(5,077)	-	-	(7,073)	(5,077)		
Additions to non-current assets (Note)	32	-	-	-	2,229	87	-	-	-	205	-	-	2,261	292	-	-	2,261	292		

Note: Non-current assets excluded financial instruments.

#### e. Information about major customers

Revenue from customers contributing over 10% of the total revenue of the Group is as follows:

	2019	2018
	HK\$'000	HK\$'000
Customer A		5,886
Customer B*	System development	-
	OTT services	N/A

\* Revenue derived from Customer B did not contribute over 10% or more of total revenue of Group during the year ended 31 March 2019.

## 7. FINANCE COSTS

	<b>2019</b> <i>HK\$'000</i>	2018 <i>HK\$'000</i> (Restated)
<b>Continuing operations</b>		
Interest on bank and other borrowings repayable within one year	<b>11,131</b>	18,259
Imputed interest on promissory note	<b>8,778</b>	10,543
Interest on bonds	<b>1,309</b>	1,568
Others	<b>132</b>	30
	<b>21,350</b>	30,400
<b>Discontinuing operations</b>		
Interest on bank and other borrowings	–	1,916
Others	<b>2,464</b>	–
	<b>23,814</b>	<b>32,316</b>

## 8. INCOME TAX EXPENSES

	<b>2019</b> <i>HK\$'000</i>	2018 <i>HK\$'000</i>
Current tax		
– Hong Kong Profit Tax	–	1,024
– Over/(Under) provision in prior year	<b>1</b>	(30)
	<b>1</b>	994
Deferred tax	<b>(2,232)</b>	(1,535)
	<b>(2,231)</b>	(541)

- a. Hong Kong Profits Tax has been provided at the rate of 16.5% on the estimated assessable profit for the years ended 31 March 2019 and 2018.
- b. Under the Law of the PRC on Enterprise Income Tax (“**EIT Law**”) and Implementation Regulation of the EIT Law, the standard tax rate applicable to PRC Enterprise Income Tax is 25%.

The income tax can be reconciled to the loss before tax per the consolidated statement of profit or loss and other comprehensive income as follows:

	<b>2019</b> <i>HK\$'000</i>	2018 <i>HK\$'000</i> (Restated)
Loss before tax	<u>(38,599)</u>	<u>(91,841)</u>
Tax at the applicable tax rate of 16.5% (2018: 25%) (Higher)/Lower the rate for specific provinces or enacted by local authorities	<b>(6,369)</b>	(22,960)
Tax effect of income not taxable for tax purposes	<b>(4,907)</b>	7,724
Tax effect of expenses not deductible for tax purposes	<b>(8,194)</b>	(294)
Tax effect of tax losses and other deductible temporary differences not recognised	<b>3,858</b>	14,396
Tax effect of unused tax losses not recognised	<b>15,613</b>	3,501
(Over)/Under provision in prior year	<b>(2,232)</b>	(2,938)
	<u>(1)</u>	<u>30</u>
Income tax	<u><b>(2,232)</b></u>	<u>(541)</u>

## 9. LOSS FOR THE YEAR

Loss for the year from continuing operations has been arrived at after charging:

	<b>2019</b> <i>HK\$'000</i>	2018 <i>HK\$'000</i> (Restated)
Staff costs		
Salaries and other benefits	<b>9,001</b>	9,906
Retirement benefits scheme contributions	<u>465</u>	<u>360</u>
	<u><b>9,466</b></u>	<u>10,266</u>
Auditors' remuneration	<b>700</b>	740
Depreciation of plant and equipment	<b>592</b>	198
Amortisation of intangible asset	<b>6,887</b>	6,052
Impairment loss on trade and other receivables	<b>1,174</b>	3,774
Impairment loss on goodwill	<b>21,294</b>	5,657
Impairment loss on intangible assets	–	3,252
Loss on disposal of financial assets at fair value through profit or loss	<b>7,073</b>	5,077
Fair value change of contingent consideration	–	6,352
Operating lease	<b>5,214</b>	5,530
Loss on disposal of plant and equipment, net	<b>82</b>	–
Loss for the year from discontinued operation has been arrived at after charging:		
Depreciation of plant and equipment	<b>217</b>	537

## 10. DIVIDENDS

No dividend was paid or proposed during the year ended 31 March 2019, nor has any dividend been proposed since the end of the reporting date (2018: Nil).

## 11. LOSS PER SHARE

### From continuing and discontinued operations

	<b>2019</b> <i>HK\$'000</i>	2018 <i>HK\$'000</i> (Restated)
Loss for the year attributable to owners of the Company	<u><b>(33,589)</b></u>	<u>(86,135)</u>

	<b>2019</b> <i>HK\$'000</i>	2018 <i>HK\$'000</i> (Restated)
<b>From continuing operations</b>		

Loss for the year attributable to owners of the Company	<u><b>(64,209)</b></u>	<u>(70,402)</u>
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	<b>2019</b> <i>HK\$'000</i>	2018 <i>HK\$'000</i> (Restated)
<b>From discontinued operations</b>		

Profit/(loss) for the year attributable to owners of the Company	<u><b>30,620</b></u>	<u>(15,733)</u>
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	<b>2019</b> <i>'000</i>	2018 <i>'000</i>
<b>Number of shares</b>		

Weighted average number of ordinary shares for the purpose of basic earnings/(loss) per share	<u><b>142,257</b></u>	<u>136,640</u>
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Diluted loss per share is not presented because the Group sustained a loss for both of the years presented and the impact of exercise of share options, if any, is regarded as anti-dilutive.

## 12. INVESTMENT IN ASSOCIATES

	<b>2019</b>	2018
	<b>HK\$'000</b>	HK\$'000
Unlisted investments, at cost	<b>77,413</b>	77,634
Share of post-acquisition loss	<b>(99)</b>	(221)
Disposal of associates	<b>(77,314)</b>	–
	<b>–</b>	<b>77,413</b>

Details of the Group's associates at the end of the reporting period are as follow:

Name of companies	Place of incorporation/ establishment and operation	Particulars of issued/ registered and paid up capital	Proportion of ownership interests	Principal activity
Billion Ray Investment Limited	British Virgin Islands	10 ordinary shares of USD10 each	20%	Investment holding
Allied Star Creation Limited	Hong Kong	1 ordinary share	20%	Investment holding
汕頭市麗潮旅遊開發有限公司	the PRC	Registered capital of USD20,000,000	20%	Tourism project development
汕頭市潮人碼頭遊艇俱樂部 有限公司	the PRC	Registered capital of RMB1,000,000	20%	Tourism project development

## 13. TRADE AND OTHER RECEIVABLES

	<b>2019</b>	2018
	<b>HK\$'000</b>	HK\$'000
Trade and bills receivables	<b>18,630</b>	56,620
Less: Impairment loss recognised	<b>(686)</b>	(36,851)
	<b>17,944</b>	<b>19,769</b>
Retention receivables	–	3,368
Less: Impairment loss recognised	–	(939)
	–	<b>2,429</b>
Other receivables	<b>59</b>	57,539
Less: Impairment loss recognised	–	(40,539)
	<b>59</b>	<b>17,000</b>
Total trade and other receivables	<b>18,003</b>	<b>39,198</b>

Notes:

**a. Trade and bills receivables**

Trade and bills receivables are due for settlement in accordance with the terms of the underlying agreements with the customers. Trade receivables with balances that are more than 9 months' overdue are requested for settlement of all outstanding balances before any further credit is granted.

Impairment loss is recognised against trade and bills receivables based on estimated irrecoverable amounts determined by reference to past default experience of customers.

An aged analysis of trade and bills receivables based on dates of invoices, net of impairment loss recognised, is as follows:

	<b>2019</b>	2018
	<b>HK\$'000</b>	HK\$'000
0–30 days	<b>2,532</b>	4,479
31–90 days	<b>4,510</b>	7,228
Over 90 days	<b>10,902</b>	8,062
	<b><u>17,944</u></b>	<u>19,769</u>

Movements in impairment loss on trade and bills receivables are as follows:

	<b>2019</b>	2018
	<b>HK\$'000</b>	HK\$'000
At beginning of the year	<b>36,851</b>	35,012
Exchange realignment	<b>(6,059)</b>	3,682
Recognised during the year	<b>584</b>	1,687
Reversal during the year	–	(3,530)
Disposal of subsidiaries	<b>(30,690)</b>	–
At end of the year	<b><u>686</u></b>	<u>36,851</u>

Trade and bills receivables amounted to approximately HK\$686,000 at 31 March 2018 (2017: HK\$36,851,000) were individually determined to be impaired and impairment loss on these receivables has been made in full. The Group does not hold any collateral over these balances.

An analysis of trade and bills receivables at 31 March 2019 and 2018 not impaired is as follows:

	<b>Total</b>	<b>Neither past due nor impaired</b>	<b>Past due but not impaired</b>		
			<b>Not more than 90 days</b>	<b>More than 90 days but less than 1 year</b>	<b>Over 1 year</b>
	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>
31 March 2019	17,944	–	7,042	10,902	–
31 March 2018	<u>19,769</u>	<u>–</u>	<u>11,707</u>	<u>8,062</u>	<u>–</u>

Trade and bills receivables that were past due but not impaired relate to a number of independent customers that have a good track record with the Group. Based on past experience, management believes that no impairment allowance is necessary in respect of these balances as there has not been a significant change in credit quality and the balances are still considered fully recoverable. The Group does not hold any collateral over these balances.

**b. Retention receivables**

Retention receivables, net of impairment loss recognised, amounted to approximately HK\$2,429,000 as at 31 March 2018 are substantially due for settlement after a period of more than 12 months.

Movements in impairment losses of retention receivables are as follows:

	<b>2019</b>	2018
	<i>HK\$'000</i>	<i>HK\$'000</i>
At beginning of the year	<b>939</b>	848
Disposal of subsidiaries	<b>(939)</b>	–
Exchange realignment	<u>–</u>	<u>91</u>
At end of the year	<u><u>–</u></u>	<u><u>939</u></u>

Retention receivables amounting to approximately HK\$nil at 31 March 2019 (2018: HK\$939,000) were individually impaired and impairment loss on these receivables has been made in full. The Group does not hold any collateral over these balances.

**c. Other receivables**

	<b>2019</b> <i>HK\$'000</i>	2018 <i>HK\$'000</i>
Advances to third parties	–	56,357
Advances to staff of the Group	–	1,182
Others	<u>58</u>	<u>–</u>
	<b>58</b>	57,539
Less: Impairment loss recognised	<u>–</u>	<u>(40,539)</u>
	<u><b>58</b></u>	<u>17,000</u>

The other receivables are unsecured, interest free and repayable on demand. Movements in impairment loss of other receivables are as follows:

	<b>2019</b> <i>HK\$'000</i>	2018 <i>HK\$'000</i>
At beginning of the year	<b>40,539</b>	36,051
Exchange realignment	–	4,069
Recognised during the year	–	480
Reversal during the year	–	(61)
Disposal of subsidiaries	<u>(40,539)</u>	<u>–</u>
At end of the year	<u><b>–</b></u>	<u>40,539</u>

Other receivables amounted to approximately HK\$40,539,000 as at 31 March 2018 were individually impaired and impairment loss on these receivables has been made in full. The Group does not hold any collateral over these balances.



#### 14. TRADE AND OTHER PAYABLES

	2019 <i>HK\$'000</i>	2018 <i>HK\$'000</i>
Trade payables ( <i>Note a</i> )	10,432	44,685
Amount due to a former shareholder ( <i>Note b</i> )	–	18,360
Accrued and other payables ( <i>Note c</i> )	<u>79,451</u>	<u>73,825</u>
	<u><b>89,883</b></u>	<u>136,870</u>

*Notes:*

- a. An aged analysis of trade payables at the end of the reporting period, based on invoice dates, is as follows:

	2019 <i>HK\$'000</i>	2018 <i>HK\$'000</i>
0–30 days	1,845	22,587
31–90 days	2,602	3,243
Over 90 days	<u>5,985</u>	<u>18,855</u>
	<u><b>10,432</b></u>	<u>44,685</u>

The average credit period granted by the suppliers of the Group is 30–90 days (2018: 30–90 days). The Group has financial risk management policies in place to ensure that all payables are settled within the credit time frame.

- b. The amount due to an entity, which was a registered shareholder of the Company in prior years, is unsecured, interest free and repayable on demand. This entity ceased to be the Company's registered shareholder since 2014.
- c. Include in accrued and other payables, the amount of approximately HK\$37,586,000 (2018: HK\$50,241,000) represents the amounts due to minority shareholder of a subsidiary. The amounts were unsecured, interest free and repayable on demand (2018: not call for repayment within 12 months).

## 15. BANK AND OTHER BORROWINGS

	<b>2019</b>	2018
	<b>HK\$'000</b>	HK\$'000
Bank borrowings	<b>2,091</b>	7,271
Other borrowings	<b>61,899</b>	199,931
	<b><u>63,990</u></b>	<u>207,202</u>

### Notes:

- a. As at 31 March 2018, the Group's bank and other borrowings are secured by 100% of the issued capital of certain subsidiaries of the Group and the certain assets of the Group as follows:

	2018
	HK\$'000
Investment property	136,000
Finance assets at fair value through profit or loss	62,841
Pledged bank deposit	<u>1,001</u>
	<u>199,842</u>

- b. As at 31 March 2019, the Group has credit and banking facilities totaling HK\$73,755,000 (2018: HK\$49,238,000), of which HK\$51,235,000 (2018: HK\$43,271,000) has been utilised, all banking facilities were secured.
- c. All other borrowings will be settled within 1 year and hence classified as current liability.
- d. As at 31 March 2019 and 31 March 2018, the other borrowings were interest bearing at a fixed rate of 5%–30% per annum.
- e. As at 31 March 2019 and 31 March 2018, bank borrowings were bearing interest at a variable rate of 1% per annum over 1 month HIBOR or Bank's cost of funds.

## 16. SHARE CAPITAL

	Number of shares	Nominal amount <i>HK\$'000</i>
Authorised:		
Ordinary shares of HK\$0.001 each at 31 March 2018, at 1 April 2018 and at 31 March 2019	<u>200,000,000,000</u>	<u>200,000</u>
Issued and fully paid:		
Issue of shares upon:		
Ordinary shares of HK\$0.001 each at 31 March 2017 and at 1 April 2017	119,221,878	119
Issue of shares upon:		
– Issue of consideration shares ( <i>Note a</i> )	<u>23,035,000</u>	<u>23</u>
Ordinary shares of HK\$0.001 each at 31 March 2018, 1 April 2018 and 31 March 2019	<u><u>142,256,878</u></u>	<u><u>142</u></u>

### *Notes:*

- (a) On 28 June 2017, a total of 23,035,000 consideration shares have been issued at the price of HK\$2.06 per share pursuant to the terms and conditions of the sale and purchase agreement to acquire 85% of issue share capital of Full Wealthy International Limited and its subsidiaries (collectively the “**FWI Group**”) at the consideration of HK\$47.45 million.

## 17. ACQUISITION OF SUBSIDIARIES

### Full Wealthy Investment Limited and its subsidiary (“FWI Group”)

On 28 June 2017, the Group has entered into a sales and purchase agreement with an independent third party for the acquisition of 85% of the issued share capital of FWL Group at a share consideration of HK\$47,452,100. FWI Group is principally engaged in provision of multi-media related services and content in the Greater China via different platforms. The acquisition was completed on 28 June 2017.

The following summarises the consideration paid and the fair value of the assets acquired and liabilities assumed at the date of acquisition:

	<i>HK\$'000</i>
Plant and equipment	121
Intangible assets	34,437
Deferred tax assets	9,259
Account receivables	2,000
Tax receivables	199
Other receivables	16,056
Pledged bank deposit	1,001
Cash and bank balances	561
Account payables	(15,466)
Accruals and other payables	(47,697)
Bank and other borrowings	(10,663)
Deferred tax liabilities	<u>(5,682)</u>
Total identifiable net liabilities at fair value	(15,874)
Non-controllable interest	<u>2,381</u>
	(13,493)
Contingent consideration	6,352
Goodwill arising on acquisition	<u>54,593</u>
Satisfactory by issuance of consideration shares at fair value	<u><u>47,452</u></u>
Analysis of net cash outflow arising on acquisition:	
Cash and bank balances	561
Pledged bank deposit	<u>1,001</u>
	<u><u>1,562</u></u>

## Impact of the acquisition on the results of the Group

Since the acquisition, FWI Group contributed approximately HK\$30,385,000 to the Group's revenue and approximately HK\$3,215,000 to the consolidated profit for the year ended 31 March 2018.

If the acquisition of the FWI Group had been completed on 1 April 2017, the revenue of the Group and loss of the Group for the year ended 31 March 2018 would have been approximately HK\$36,562,000 and approximately HK\$1,372,000 respectively. The pro forma information is for illustrative purpose only and is not necessarily an indication of revenue and results of operation of the Group that actually would have been achieved had the acquisition been completed on 1 April 2017, nor is it intended to be a projection of future results.

Pursuant to the sales and purchase agreement (“SPA”), FWI Group warrants and represents to the Group that for the period from 28 June 2017 to 27 June 2018, that the net profit after tax of FWI Group shall not be less than HK\$4 million (“Profit Guarantee”). In the event the Profit Guarantee is not achieved, the vendor will make compensation payment amounted to 11.86 times of the shortfall amount (i.e. the difference between actual profit and profit as per Profit Guarantee). At the date of acquisition, the fair value of the contingent consideration receivable is approximately HK\$6,352,000, which was estimated by applying the discounted cash flow approach. The fair value estimates are based on a discount factor of 15.7%. This is a level 3 fair value measurement.

As at 31 March 2018, the fair value of contingent consideration is zero. The fair value is estimated based on the valuation performed by independent qualified professional valuers not connected to the Group.

## 18. CONTINGENT LIABILITIES

On 4 April 2014, the Company was served with a sealed copy of a petition (the “Petition”) issued by Metal Winner Limited (“MWL”) in Companies (Winding-up) Proceedings No. 83 of 2014 in the High Court of Hong Kong (the “Winding-up Proceedings”) under which MWL (a) claimed that the Company was indebted to MWL in the sum of HK\$5,700,000; and (b) petitioned that the Company be wound up by the Court. As at the date of this report, this Petition was dismissed by the High Court of Hong Kong. Separately, there are two other parties who claimed the Company was indebted to them. After investigation, the Company found that the alleged debts claimed by these two parties arose from certain dealings between a former director of the Company and these two parties. The nature and mechanism of these dealings were the same or very similar to that of MWL's. In the Winding-up Proceedings, the court has found that there was an illegal scheme perpetrated on the Company by the aforesaid former director and MWL was a party to that scheme. In gist, the illegal scheme was that the aforesaid former director obtained loans from the counterparty and the Company was falsely made as a borrower to answer the repayment obligation. The Company commenced legal proceedings in the High Court (the “Injunction Proceedings”) against these two parties seeking an injunction to restrain them from presenting any petition for the winding-up of the Company or to apply to substitute MWL as petitioner in the Winding-up Proceedings (the “Restrained Acts”). The two parties gave an undertaking to the court not to do the Restrained Acts until the resolution of the Injunction Proceedings.

After the Winding-up Proceedings were dismissed by court, the Company also managed to resolve the Injunction Proceedings by way of a consent order after the two parties were willing to give further undertaking to the court not to present any petition for the winding-up of the Company pending determination of the Writ of Summons to be issued (if any) by them against the Company for recovery of the said alleged debts and/or the determination of any counterclaims or the Writ of Summons to be issued (if any) by the Company against them for declaratory relief that the said alleged debts are void or unenforceable.

On 19 February 2016, the Company has been served with a sealed copy of the Writ of Summons (the “**Writ**”) issued by one of the two parties sued in the Injunction Proceedings (the “**Plaintiff**”). Under the statement of claim endorsed on the Writ, the Plaintiff claims against the Company for a total sum of HK\$16,600,000 allegedly due on the dishonoured cheques issued by the Company and interest thereon.

In view of the Court’s favourable findings in the Winding-up Proceedings and the striking similarity between the case of the Plaintiff and that of MWL in the Winding-up Proceedings, the Company believes that it has strong merits in defending the Plaintiff’s claims and in counter-claiming such alleged debts are void and unenforceable. Therefore, the Company will vigorously contend the Plaintiff’s claims and will seek legal advice to take all appropriate steps in the legal proceedings to safeguard the Company’s interest.

On 15 December 2017, a consent order made by the High Court of Hong Kong, the Plaintiff has wholly discontinued the legal action against the Company and the Company has wholly discontinued its counterclaim against the Plaintiff and another co-defendant in the legal action. No compensation or damages was paid or payable by the Company to the Plaintiff or any other person (or vice versa) in connection with the legal action and the aforesaid discontinuation of the legal action.

## **19. EVENT AFTER REPORTING PERIOD**

1. On 19 June 2019, the Company and promissory note holder mutually agreed to waive the principal amount of HK\$13,400,000, coupon interest of HK\$2,412,000 and imputed interest of approximately HK\$490,000. Upon the completion of waiver, the net current liabilities and net liabilities of the Group was reduced by HK\$137,295,000 and HK\$33,326,000 respectively.
2. On 14 June 2019, the Group has renewed the other borrowings of HK\$17,000,000 in which the final repayment date would be 26 June 2020.
3. On 2019, one of the other borrowings of HK\$5,000,000 has become fall due, the Company is currently under negotiation with the borrower for the extension of the repayment date.

## **EXTRACT OF INDEPENDENT AUDITOR’S REPORT ON THE COMPANY’S CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2019**

The following is the extract of the independent auditor’s report from Elite Partners CPA Limited, the external auditor of hmvod Limited (the “**Company**”) on the consolidated financial statements of the Company and its subsidiaries (collectively referred to as the “**Group**”) for the year ended 31 March 2019:

### **Basis for disclaimer of opinion**

#### *Multiple uncertainties related to the going concern basis*

As disclosed in note 2 to consolidated financial statements, the Group had net current liabilities of approximately HK\$151,185,000 and capital deficiency of approximately HK\$91,602,000 as at 31 March 2019. The existence of these uncertainties casts significant doubt on the Group’s ability to continue as going concern.

The consolidated financial statements have been prepared on the assumption that the Group will continue as a going concern, the validity of which is dependent on the favourable outcomes of the steps being taken by the directors as described in note 2 to the consolidated financial statements. However, we were unable to obtain sufficient audit evidence to assess the appropriateness and validity of the going concern assumption. Should the going concern assumption be inappropriate, adjustments would have to be made to reclassify all non-current assets and liabilities as current assets and liabilities, write down the value of assets to their recoverable amounts and to provide for any further liabilities which may arise. These consolidated financial statements do not include any of those adjustments.

### **Disclaimer of opinion**

We do not express an opinion on the consolidated financial statements 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 these consolidated financial statements. In all other respects, in our opinion the consolidated financial statements have been properly prepared in compliance with the disclosure requirements of the Hong Kong Companies Ordinance.

## **MANAGEMENT DISCUSSION AND ANALYSIS**

### **FINANCIAL PERFORMANCE**

During the year ended 31 March 2019, the Group recorded a turnover of approximately HK\$209.4 million (2018: HK\$241.2 million) representing a decrease of approximately 13.20% as compared to that of the corresponding year in 2018. The overall decrease in turnover primarily due to decrease in sale proceeds of financial assets at fair value through profit or loss from approximately HK\$188.0 million for the year ended 31 March 2018 to approximately HK\$151.9 million for the year ended 31 March 2019 and discontinued the operation in systems development and property investment during the year. However, the impact was also counteracted by the increase in OTT service income of approximately HK\$51.6 million for the year ended 31 March 2019 (2018: HK\$30.4 million) representing an increase of approximately 69.93% as compared to that of the corresponding year in 2018. Other expenses (including legal and professional fee, rental expense; and bank and securities charges) increased to approximately HK\$27.0 million as compared to approximately HK\$24.2 million of the previous corresponding year, representing an increase of approximately 11.48%. Finance costs decreased to approximately HK\$21.4 million as compared to approximately HK\$30.4 million as compared of the previous corresponding year, representing a decrease of approximately 29.77%. Loss attributable to the owners was approximately HK\$33.6 million for the year ended 31 March 2019 (2018: loss of approximately HK\$86.1 million).

### **BUSINESS PERFORMANCE AND PROSPECT**

#### **Professional services**

In view of the change of business environment, the Company has strategically broadened our services in cyber security services and solutions.

Our professional service team provide services and solutions in cyber security, including ramp up model advisory, physical and cyber security assessments, build and design of secured IT architecture, implementation of security devices and IT business policy controls.

Our professional service team specialises in enterprise cyber security solutions and risk management, providing a full range of security services and solutions to corporations in the Greater China and Asia Pacific region.

Our Professional Service Team also provide a series of highly skilled services including all level Penetration testing, complete coverage of Vulnerability management as well as DDoS protection.

Our MSS team can provide a full scale security Managed Security Services, from Firewall healthiness, critical patch management, Attack and Alert, incident management and change management, to endpoint management in order to cover the end-user machines.



Our professional service team mainly provides four major information security services which are summarised as follows:

**1. *IT Security General Control Review and Security Risk Assessment***

We adopts a proven, four-phase security methodology to conduct IT Security General Control Review and Security Risk Assessment services. This methodology has proved itself through many global case studies and offers a repeatable solution with predictable results time after time. Below is an illustration of the methodology:

- a) Discovery – The objective of this phase is to ‘footprint’ the current security status of the scoped IT Systems components;
- b) Analysis – The objectives of this phase are to determine the risk level of identified loophole, and to determine the possible attack scenarios;
- c) Exploitation – Upon discovery of any loophole that could further be penetrated, exploitation will be carried out to determine the penetration depth of the loophole;
- d) Remediation and Auditing – upon completion of the security risk assessment and analysis, we will provide a complete report listing.

**2. *External and Internal Penetration Tests***

Our Network Security Assessment is conducted through Internet targeting towards the customer’s Internet facing external network (e.g. public domain or sub-domains) and from Internal network to all internal servers. The focus of this test is to simulate an attack from a skillful black-hat attacker, in order to dig out the vulnerabilities.

**3. *Risk-based cyber security protection safeguard and implementation***

Our risk-based cyber security approach will evaluate best practices and technology solutions or services to address the top priority security risks of the client through:

- a) Gathering and verifying requirement;
- b) Design system Architecture;
- c) Procure the best-fit technology solutions or services;

- d) Implement, configure and strengthen the technology solutions or services;
- e) To assist our client to reengineer IT and business processes based on best practices.

#### **4. *24x7 Managed IT and Security Services Outsourcing***

We aim to assist our clients to maintain a healthy IT environment by monitoring, managing, operating IT assets such as:

- a) General IT Assets: desktops, servers, network devices;
- b) IT Security assets: firewall, IPS, malware protection;
- c) Provide a dedicated client single point of contact (SPOC) for IT and cyber security related services, problem and incidents enquires;
- d) Incident and problem response and management.

Professional services recorded an increase in revenue to approximately HK\$3.6 million for the year ended 31 March 2019 (2018: 3.1 million).

#### **Proprietary trading business**

In relation to the Group's proprietary trading business, the global market has been highly volatile in 2018. Although Asian market including Hong Kong has attracted capital inflow across the world, the market is still filled with a lot of uncertainties such as the trigger of trade war and the effect of contractionary monetary policy from US. The turnover in proprietary trading business recorded approximately HK\$151.9 million for the year ended 31 March 2019 (2018: HK\$188.0 million). The securities investment portfolio amounted to approximately HK\$ Nil as at 31 March 2019 (2018: HK\$62.8 million). The Group will adopt a prudent approach in identifying opportunities in securities investment which will create value and will be beneficial to the Group and Shareholders. The Group also maintains a risk management policy in which key risk factors such as government and politic risks, country risks, price risks, interest rate risks, currency risks and economic risks have been identified and will be closely monitored.

## **Money lending business**

Though the loan and credit market became very active and intense competition existed during the past few years as a result of the rapid booming housing market in Hong Kong and the global low interest rate environment, the Board is confident that through its long established relationship, history, reputation, network and synergy, the Group is able to participate in the market share of the money lending business and it will become one of the driver of its future profits of the Group. In view of the above, the Board will invest more resources into the business once financing resources have been obtained. In addition to the consumable loan, the Company is planning to offer a variety of loan products to secured mortgage loans to individual, unsecured loan, small and medium sized enterprises loans, debts consolidation loan and corporate loans. Despite the above, the money lending business is suffering from political risk, regulatory risk, credit risk, economic risk and industry risk. The interest income in money lending business recorded approximately HK\$60,000 for the year ended 31 March 2019 (2018: HK\$0.3 million). The loan portfolio amounted HK\$Nil million as at 31 March 2019 (2018: HK\$0.5 million).

## **OTT Services**

OTT services is providing multi-media related services and content in the PRC via different platforms. In view of the growing penetration and expansion of multi-media segment, the Group is optimistic to such business segment. In addition, consumers are moving beyond traditional media, the multi-media platform is an option used by many companies to brand and market their products. As such, the multi-media platform is playing an increasingly vital role in business marketing strategy. Having considered that our OTT services is equipped with experience in the industry with diversified clientele and being specialized in the provision of OTT services of video-on-demand in Hong Kong and Taiwan via its own digital video rental platform. The revenue in OTT services recorded approximately HK\$51.6 million for the year ended 31 March 2019 (2018: HK\$30.4 million), representing a significant increase of approximately 69.93% compared with the corresponding period in 2018.

## **LIQUIDITY, FINANCIAL RESOURCES AND CAPITAL STRUCTURE**

As at 31 March 2019, the deficit attributable to owners of the Company amounted to approximately HK\$83.5 million (2018: HK\$54.7 million). Current assets amounted to approximately HK\$26.5 million (2018: HK\$118.5 million), of which approximately HK\$2.6 million (2018: HK\$5.7 million) were cash and cash equivalents and approximately HK\$Nil million were pledged bank deposit (2018: HK\$1.0 million). Current liabilities were approximately HK\$177.7 million (2018: HK\$378.9 million) mainly include trade and other payables, bank and other borrowings and promissory note. Bank and other borrowings amounted to approximately HK\$64.0 million as at 31 March 2019 (2018: HK\$207.8 million).

During the year under review and until the date of this report, the Company has not made any issue for cash of equity securities.

The Board continues to look for opportunities to attract more investors, extend the shareholders base, reduce the accumulated loss and improve the flexibility of fund raising.

## **GEARING RATIO**

The gearing ratio was calculated on the basis of total liabilities over shareholders' equity. Since the Company recorded a deficit attributable to owners of the Company in 31 March 2018 and 2019, the gearing ratio was not applicable for the both years.

## **FOREIGN CURRENCY EXPOSURE**

During the year ended 31 March 2019, the Group experienced only immaterial exchange rate fluctuations, as the Group's operations were mainly denominated in Hong Kong dollars. As the risk on exchange rate difference considered being minimal, the Group did not employ any financial instruments for hedging purposes.

## **SIGNIFICANT INVESTMENTS, MATERIAL ACQUISITIONS AND DISPOSALS OF SUBSIDIARIES AND AFFILIATED COMPANIES DURING THE YEAR UNDER REVIEW**

The Company entered into the swap agreement on 9 May 2018 with the creditor pursuant to which the Company has conditionally agreed to swap the entire issued share capital of Top Insight Holdings Limited (“**Target Share**”) at the consideration of HK\$136 million with the creditor for (i) the Loan and (ii) the provision of the credit facility such that immediately after the completion, the creditor (or its nominee) shall acquire the Target Share in exchange of the assignment of the Loan and provision of the credit facility to the Company (the “**Swap**”). The Top Insight Holdings Limited through its wholly-owned subsidiary, which is the legal and beneficial owner of the situated at the 9th Floor, Global Trade Square, No. 21 Wong Chuk Hang Road, Hong Kong, together with 3 car parking spaces at Global Trade Square. The Creditor is the legal and beneficial owner of the Loan. Immediately after the signing of the swap agreement, the Company and the creditor have entered into the credit facility agreement pursuant to which the creditor grants the credit facility to the Company. The Swap was completed on 10 July 2018.

The Company and the purchaser entered into the sale and purchase agreement on 27 July 2018 pursuant to which the purchaser has conditionally agreed to acquire the entire issued share capital of Tongfang Electronic Company Limited, a directly wholly owned subsidiary of the Company, and its subsidiaries (collectively “**Tongfang Group**”) at the consideration of HK\$100,000. Tongfang Group are principally engaged in research, development and provision of integrated management information system for power plants and for banks in the PRC. The business is principally divided into system development and professional services, of which include consultancy, information technology engineering and technical support services in relation to the development of new system products that is tailor made in accordance with clients’ specification. The transaction has completed on 27 July 2018.

The Company and the purchaser entered into the sale and purchase agreement on 21 May 2018 pursuant to which the purchaser has conditionally agreed to acquire the entire issued share capital of Jovial Tycoon Holdings Limited, the indirectly wholly owned subsidiary of the Company at the consideration of HK\$100 million. Jovial Tycoon Holdings Limited owns 20% shareholding interest of the project group which is principally engaged in the operation of the project, a Build-Operate-Transfer Project of Shantou City Chaoren Port Cultural Park (汕頭市潮人碼頭文化公園特許經營項目). The consideration of HK\$100,000,000 will be satisfied upon Completion by way of setting off with the principal value of HK\$100 million promissory note which issued by the Company in favour of the purchaser in full. Moreover, upon Completion, the purchaser will waive all interest accrued on the promissory note payable by the Company to the purchaser. The transaction has completed on 13 November 2018.

<b>Company</b>	<b>Year ended 31 March 2019 Realised and unrealised loss HK\$'000</b>
Goldin Financial Holdings Limited	(2,501)
Inno-tech Holdings Limited	(1,725)
Code Agriculture (Holdings) Limited	(1,440)
CNC Holdings Limited	(1,388)
Others	<u>(19)</u>
Net realised loss	<u><u>(7,073)</u></u>

## **FUTURE PLANS FOR MATERIAL INVESTMENTS OR CAPITAL ASSETS**

The Group will continue to look for opportunities to create shareholders' value through making investments into and/or acquiring interests in companies or projects that have promising outlooks and prospects. The Group is broadening its perspective beyond the IT sector and potentially also invest into and/or make acquisitions in other industries (including renewable energy and other "green" businesses, the financial industry, and more traditional non-IT businesses) so long as such investments/acquisitions can bring value and are beneficial to the Company and its shareholders as a whole. It goes without saying that the Company will also continue to focus on existing business to bring further value to shareholders.

## **SEGMENT INFORMATION**

During the year under review, the Group was principally engaged in four operating segments. The Group presents its segmental information based on the nature of the products and services and has reportable segments as follows:

- professional services;
- proprietary trading;
- money lending; and
- OTT services.

## **EMPLOYEES AND REMUNERATION POLICIES**

As at 31 March 2019, the Group hired 26 employees including the executive Directors (2018: 27). Total staff costs including Directors' remuneration for the year under review amounted to approximately HK\$9.5 million (2018: HK\$10.3 million).

Employees' remunerations are determined in accordance with their experiences, competence, qualifications and nature of duties and the current market trend. Apart from the basic salary, discretionary bonus and other incentives may be offered to the employees of the Group to reward their performance and contributions. The emoluments of the Directors are determined by the remuneration committee of the Company having regard to the performance of the individuals and market trend. The Group provides mandatory provident fund scheme for the employees employed under the jurisdiction of the Hong Kong Employment Ordinance.

The Group has not made any changes to its remuneration policy during the year under review.

The Company adopted a share option scheme pursuant to which eligible persons may be granted options to subscribe for the shares of the Company.

## **CHARGES ON THE GROUP'S ASSETS AND CONTINGENT LIABILITIES**

Details of charges on the Group's assets and contingent liabilities are set out in Note 35 and Note 45 to the consolidated financial statements respectively.

## **AUDIT COMMITTEE**

The Company has established an audit committee with written terms of reference in compliance with Rules 5.28 and 5.33 of the GEM Listing Rules and the Corporate Governance Code (the “Code”).

The audit committee of the Company reviews the internal accounting procedures, considers and reports to the Board with respect to other auditing and accounting matters, including selection of independent auditors, fees to be paid to the independent auditors and the performance of the independent auditors.

The annual results of the Group for the year ended 31 March 2019 have been reviewed by the audit committee of the Company.

## **PURCHASE, SALE AND REDEMPTION OF THE COMPANY'S LISTED SECURITIES**

During the year ended 31 March 2019, neither the Company nor any of its subsidiaries had purchased, sold or redeemed any of the Company's listed securities.

## **CORPORATE GOVERNANCE PRACTICES**

The Company is committed to maintaining a high standard of corporate governance in the interest of its shareholders. It has continued and will continue to identify and adopt the best corporate governance practices appropriate to the Company.

The Company has adopted the code provisions of the Corporate Governance Code (the “Code”) contained in Appendix 15 of the GEM Listing Rules as its own code on corporate governance practices. Save as disclosed below, in the opinion of the Directors, the Company has complied with the code provisions as set out in the Code and there have been no material deviations from the Code during the year.

Code provision A.6.7-(i) One executive Director and three independent non-executive Directors were unable to attend the extraordinary general meetings of the Company held on 6 July 2018, (ii) two independent non-executive Directors were unable to attend the annual general meeting of the Company held on 22 August 2018 and (iii) two independent non-executive Directors were unable to attend the extraordinary meeting of the Company held on 11 September 2018 as they had other engagements.

Under code provision A.2.1 of the CG code, the role of chairman (the “**Chairman**”) and chief executive officer (the “**CEO**”) of the Company should be separated and should not be performed by the same individual to ensure their respective independence, accountability and responsibility. To ensure a balance of power and authority, the Company has a clear and defined division of the responsibilities between the Chairman and the CEO in accordance with the Code. The Chairman is responsible for the Group’s strategic planning and the management of the operations of the Board, while the CEO takes the lead in the Group’s operations and business development.

Subsequent to the resignation of former Chairman, the post has been vacant as at 31 March 2019. The Board will keep reviewing the current structure of the Board from time to time and the Company will make appointment with suitable knowledge, skill and experience to fill the post of the Chairman as appropriate.

## **DIRECTORS’ SECURITIES TRANSACTIONS**

The Company has adopted the required standard of dealings set out in Rules 5.48 to 5.67 of the GEM Listing Rules as the code of conduct regarding Directors’ transactions in securities of the Company.

Having made specific enquiry, all Directors have confirmed that they have complied with the required standard of dealings and there is no event of non-compliance throughout the year ended 31 March 2019.

## **LITIGATION**

On 4 April 2014, the Company was served with a sealed copy of a petition (the “**Petition**”) issued by Metal Winner Limited (“**MWL**”) in Companies (Winding-up) Proceedings No. 83 of 2014 in the High Court of Hong Kong (the “**Winding-up Proceedings**”) under which MWL (a) claimed that the Company was indebted to MWL in the sum of HK\$5,700,000; and (b) petitioned that the Company be wound up by the Court. As at the date of this announcement, this Petition was dismissed by the High Court of Hong Kong. Separately, there are two other parties who claimed the Company was indebted to them. After investigation, the Company found that the alleged debts claimed by these two parties arose from certain dealings between a former director of the Company and these two parties. The nature and mechanism of these dealings were the same or very similar to that of MWL’s. In the Winding-up Proceedings, the court has found that there was an illegal scheme perpetrated on the Company by the aforesaid former director and MWL was a party to that scheme. In gist, the illegal scheme was that the aforesaid former director



obtained loans from the counterparty and the Company was falsely made as a borrower to answer the repayment obligation. The Company commenced legal proceedings in the High Court (the “**Injunction Proceedings**”) against these two parties seeking an injunction to restrain them from presenting any petition for the winding-up of the Company or to apply to substitute MWL as petitioner in the Winding-up Proceedings (the “**Restrained Acts**”). The two parties gave an undertaking to the court not to do the Restrained Acts until the resolution of the Injunction Proceedings.

After the Winding-up Proceedings were dismissed by court, the Company also managed to resolve the Injunction Proceedings by way of a consent order after the two parties were willing to give further undertaking to the court not to present any petition for the winding-up of the Company pending determination of the Writ of Summons to be issued (if any) by them against the Company for recovery of the said alleged debts and/or the determination of any counterclaims or the Writ of Summons to be issued (if any) by the Company against them for declaratory relief that the said alleged debts are void or unenforceable.

On 19 February 2016, the Company has been served with a sealed copy of the Writ of Summons (the “**Writ**”) issued by one of the two parties sued in the Injunction Proceedings (the “**Plaintiff**”). Under the statement of claim endorsed on the Writ, the Plaintiff claims against the Company for a total sum of HK\$16,600,000 allegedly due on the dishonoured cheques issued by the Company and interest thereon.

In view of the Court’s favourable findings in the Winding-up Proceedings and the striking similarity between the case of the Plaintiff and that of MWL in the Winding-up Proceedings, the Company believes that it has strong merits in defending the Plaintiff’s claims and in counter-claiming such alleged debts are void and unenforceable.

Therefore, the Company will vigorously contend the Plaintiff’s claims and will seek legal advice to take all appropriate steps in the legal proceedings to safeguard the Company’s interest.

On 15 December 2017, a consent order made by the High Court of Hong Kong, the Plaintiff has wholly discontinued the legal action against the Company and the Company has wholly discontinued its counterclaim against the Plaintiff and another co-defendant in the legal action. No compensation or damages was paid or payable by the Company to the Plaintiff or any other person (or vice versa) in connection with the legal action and the aforesaid discontinuation of the legal action.

## **SCOPE OF WORK OF ELITE PARTNERS CPA LIMITED**

The figures in respect of the Group's consolidated statement of comprehensive income, consolidated statement of financial position and the related notes thereto for the year ended 31 March 2019 as set out in the preliminary announcement have been agreed by the Group's auditor, Elite Partners CPA Limited, to the amounts set out in the Group's audited consolidated financial statements for the year. The work performed by Elite Partners CPA Limited in this respect did not constitute an assurance engagement in accordance with Hong Kong Standards on Auditing, Hong Kong Standards on Review Engagement or Hong Kong Standards on Assurance Engagements issued by the HKICPA and consequently no assurance has been expressed by Elite Partners CPA Limited on this preliminary announcement.

By Order of the Board of  
**hmvod Limited**  
**Lau Kelly**  
*Executive Director*

Hong Kong, 27 June 2019

As at the date of this announcement, the Board comprises the following Directors:

### **Executive Directors:**

Mr. Lau Kelly (*Chief Executive Officer*)

Ms. Ho Chi Na

Mr. Yuen Koon Tung

### **Independent non-executive Directors:**

Mr. Ho Siu King, Stanley

Mr. Hau Chi Kit

Mr. Ma Stephen Tsz On

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

*This announcement will remain on the GEM website at <http://www.hkgem.com> on the "Latest Company Announcements" page for 7 days from the date of its posting and on the website of the Company at [www.hmvod.com.hk](http://www.hmvod.com.hk).*