

Hong Kong Exchanges and Clearing Limited and The Stock Exchange of Hong Kong Limited take no responsibility for the contents of this announcement, make no representation as to its accuracy or completeness and expressly disclaim any liability whatsoever for any loss howsoever arising from or in reliance upon the whole or any part of the contents of this announcement.



hmvod Limited

hmvod 視頻有限公司

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 8103)

**FULFILLMENT OF THE RESUMPTION GUIDANCE
AND
RESUMPTION OF TRADING**

The Board is pleased to inform the Shareholders and potential investors that the Company has fulfilled all the Resumption Guidance given by the Stock Exchange.

Trading in Shares was suspended with effect from 9:00 a.m. on 4 July 2022 at the request of the Company. As the Resumption Guidance has been fulfilled, the Company has made an application to the Stock Exchange for the resumption of trading in the Shares on the Stock Exchange with effect from 9:00 a.m. on Wednesday, 1 March 2023.

This announcement is made by hmvod Limited (the “**Company**”, together with its subsidiaries, the “**Group**”) pursuant to Rule 17.10(2) of the Rules Governing the Listing of Securities on GEM (the “**GEM Listing Rules**”) of The Stock Exchange of Hong Kong Limited (the “**Stock Exchange**”) and the Inside Information Provisions under Part XIVA of the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong).

References are made to (i) the announcements of the Company dated 30 June 2022, 22 July 2022, 15 August 2022, and 9 November 2022 in relation to, among others, the delay in publication of audited annual results of the Group for the year ended 31 March 2022, the suspension of trading in the Company’s shares (the “**Shares**”) and the change of auditors; (ii) the announcements of the Company dated 28 September 2022 and 9 November 2022 in relation to the Stock Exchange’s guidance to the Company for the resumption and additional resumption guidance of trading in the Shares (the “**Resumption Guidance**”) and the delay in publication of first quarterly results announcement for the three months ended 30 June 2022 and despatch of first quarterly report; (iii) the announcements of the Company dated 24 February 2022, 23 March 2022, 20 July 2022, 15 August 2022 and 14 November 2022 in relation to changes of composition of board of directors; (iv) the announcements of the Company dated 5 October 2022 and 3 January 2023

in relation to the quarterly update on the progress of resumption of trading in the Shares and additional Resumption Guidance; (v) the announcement of the Company dated 7 February 2023 in relation to the audited annual results of the Group for the year ended 31 March 2022 and the annual report of the Company for the year ended 31 March 2022 published on 7 February 2023 (the “**2022 Audited Annual Results/Report**”); and (vi) the announcements of the Company dated 28 February 2023 in relation to (a) the first quarterly results of the Group for the three months ended 30 June 2022 and the first quarterly report of the Group for the three months ended 30 June 2022 (the “**2023 Q1 Results/Report**”); (b) the interim results of the Group for the six months ended 30 September 2022 and the interim report of the Group for the six months ended 30 September 2022 (the “**2023 Interim Results/Report**”); and (c) the third quarterly results of the Group for the nine months ended 31 December 2022 and the third quarterly report of the Group for the nine months ended 31 December 2022 (the “**2023 Q3 Results/Report**”). Capitalised terms used in this announcement have the same meanings as defined in the aforesaid announcements unless defined otherwise.

BACKGROUND OF SUSPENSION OF TRADING IN THE SHARES

As disclosed in the announcements of the Company dated 30 June 2022, 22 July 2022, 15 August 2022 and 28 September 2022, due to the lockdown arising from the fifth wave of COVID-19 pandemic and the changes of two firms of auditors resulting in additional time required for the new auditors to complete audit work, there were prolonged delays in the publication of the 2022 Audited Annual Results/Report on or before 30 June 2022.

At the request of the Company, trading in the Shares on the Stock Exchange has been suspended with effect from 9:00 a.m. on 4 July 2022.

FULFILLMENT OF RESUMPTION GUIDANCE

Resumption Guidance

According to the Resumption Guidance, the Company must fulfill the following conditions to the satisfaction of the Listing Division of the Stock Exchange before the trading in Shares can resume:

- (i) publish all outstanding financial results required under the GEM Listing Rules and address any audit modifications (“**Resumption Guidance 1**”);
- (ii) demonstrate the Company’s compliance with Rule 17.26 of the GEM Listing Rules (“**Resumption Guidance 2**”);

- (iii) re-comply with Rules 5.05(1) and 5.28 of the GEM Listing Rules (“**Resumption Guidance 3**”); and
- (iv) inform the market of all material information for the Company’s shareholders and other investors to appraise the Company’s position (“**Resumption Guidance 4**”).

Fulfilment of the Resumption Guidance

The Board is pleased to announce that the Company has fulfilled all the Resumption Guidance, details of which are set out below:

(i) Resumption Guidance 1

The Company has published the 2022 Audited Annual Results/Report on 7 February 2023, and the 2023 Q1 Results/Report, the 2023 Interim Results/Report and the 2023 Q3 Results/Report all on 28 February 2023.

As disclosed in the 2022 Audited Annual Results/Report, the auditor of the Company was of the opinion that the consolidated financial statements for the year ended 31 March 2022 give a true and fair view of the consolidated financial position of the Group as at 31 March 2022, and of its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with Hong Kong Financial Reporting Standards issued by the Hong Kong Institute of Certified Public Accountants and have been properly prepared in compliance with the disclosure requirements of the Hong Kong Companies Ordinance.

Notwithstanding the above, the auditor of the Company noted as follows:

- (a) the Group incurred a net loss of approximately HK\$27.9 million for the year ended 31 March 2022 and, as of that date, the Group’s current liabilities exceeded its current assets by approximately HK\$39.4 million and total liabilities exceeded its total assets by approximately HK\$62.8 million. These conditions, along with other matters as set out in subparagraph (b) below, indicate that a material uncertainty exists that may cast significant doubt on the Group’s ability to continue as a going concern. Nonetheless, the auditor’s opinion is not modified in respect of this matter; and
- (b) the identified impairment assessment of goodwill as a key audit matter because the inherent risk in relation to the impairment assessment of goodwill is considered significant due to the complexity of the forecast and subjectivity of significant assumptions used.

For more details, please refer to the 2022 Annual Report.

Reference is made to the announcement of the Company dated 9 November 2022 in relation to the change of auditor. It was announced that Moore Stephens CPA Limited (“**Moore Stephens**”) has resigned as the auditor of the Company with effect from 9 November 2022 (“**November Announcement**”). During the course of the audit of the consolidated financial statements of the Group for the year ended 31 March 2022, and up to the date of the November Announcement, there are several key matters the Company could not reach a consensus with Moore Stephens, inter alias, (a) the response rate on the return of the audit confirmations from debtors, creditors and banks; (b) the management’s assumptions applied on the impairment assessment on the Group’s goodwill and intangible assets; and (c) information about certain opening balances and comparatives. The Company could not satisfy Moore Stephens due to high turnover of the Company’s accounting staff. The Company was in the opinion that Moore Stephens could have obtained such information from the Company’s predecessor auditor. Having reviewed (i) the resignation letter of Moore Stephens, as there was nothing required to draw to the attention of the Stock Exchange, the shareholders or creditors of the Company, and “clean” professional clearance had been provided to Baker Tilly Hong Kong Limited (“**Baker Tilly**”), the newly appointed auditors of the Company; and (ii) the audit works of Baker Tilly and noted that during the course of the audit works of Baker Tilly, the Audit Committee was not notified by Baker Tilly for experiencing the same issues similar to that of the abovementioned key matters, the Audit Committee and the Company were of the view that the abovementioned key matters were not material issues, which had been addressed by Baker Tilly who had devoted sufficient time and resources to their audit works and hence, the Audit Committee and the Board agreed with the “true and fair view” of Baker Tilly in respect the consolidated financial statements for the year ended 31 March 2022 and the consolidated financial position of the Group as at 31 March 2022.

Further, as disclosed in the 2023 Q3 Results/Report, the Directors have given careful consideration to the future liquidity requirements and operating performance of the Group and its available sources of financing to assess whether the Group would have sufficient financial resources to fulfil its financial obligations to continue as a going concern. The Group has taken measures to improve its financial position and to alleviate its liquidity pressure, which include, among others, subsequent to the end of the year ended 31 March 2022 (i) the Group has obtained new borrowings of HK\$39,365,000 from certain financial institutions in Hong Kong; (ii) the Group successfully extended the due date of certain borrowings of HK\$854,000 to December 2024; (iii) the Group has obtained credit facilities granted by certain financial institutions and a non-controlling shareholder of a subsidiary amounted to HK\$29,377,000; and (iv) the Company has entered into a memorandum of understanding with a placing agent which is an independent third party to procure investors to subscribe for securities of the Company and/or bonds to be issued by the Company and or lenders for the provision of unsecured loans to the Company for such sum up to HK\$25 million.

Save as disclosed above, there are no audit modifications to be addressed by the management of the Company arising from the audit work of the auditor. Accordingly, the Company is of the view that it has published all outstanding financial results and it has fulfilled the Resumption Guidance 1.

(ii) Resumption Guidance 2

The Group operates its principal businesses through two segments: (i) distribution of films, television programmes and music concerts on OTT platforms (“**OTT Services**”); and (ii) provision of information technology engineering and technical support services including financial valuation and IT service (“**Professional Services**”, collectively, the “**Businesses**”).

Summary of historical financial information

The following table sets forth selected information from the Group’s consolidated statement of profit or loss for the respective periods indicated:

	Year ended 31 March 2022 (Audited) HK\$’000	Nine months ended 31 December 2021 (Unaudited) HK\$’000	Nine months ended 31 December 2022 (Unaudited) HK\$’000
Revenue			
– OTT Services	35,803	27,516	21,246
– Professional Services	381	–	–
Loss before income tax	(29,003)	(10,041)	(7,126)
Loss for the year	(27,886)	(9,191)	(6,843)

For the year ended 31 March 2022 and the nine months ended 31 December 2022, the Group’s overall revenue was approximately HK\$36.2 million and HK\$21.2 million, respectively. The decrease in the Group’s overall revenue was mainly due to the decrease in the Group’s revenue from OTT Services.

For the year ended 31 March 2022 and the nine months ended 31 December 2022, the Group derived revenue from OTT Services of approximately HK\$35.8 million and HK\$21.2 million, respectively. The decrease in revenue from OTT Services in the nine months ended 31 December 2022 as compared to the nine months ended 31 December 2021 was mainly due to a drop in subscription of its OTT Services attributable mainly to (i) the overall decrease in content output in the OTT Services of the Group due to (a) reduction in film productions by major media content suppliers such as major Hollywood movie studios which production schedules were interrupted due to COVID-19 pandemic; and (b) the closure of cinemas during COVID-19 pandemic which delayed the releases of films on OTT platform as films will only be released on OTT platform after release in cinema; (ii) the cessation of work from home arrangement of enterprises and the relaxation of social distancing measures promoted social activities outside home and encouraged international travelling, which resulted in a decrease in home entertainment and OTT view rate; (iii) strict social distancing measures during the peak of fifth wave COVID-19 pandemic in Hong Kong restricted on ground promotion activities (such as live streaming concert) being carried out; and (iv) increased competition from other OTT service providers.

For the year ended 31 March 2022 and the nine months ended 31 December 2022, the Group derived revenue from Professional Services of approximately HK\$0.4 million and nil, respectively. There was no revenue derived from the Group's Professional Services in the nine months ended 31 December 2022 due to COVID-19 pandemic which led to suspension or postponement of projects of some of the Group's clients during this period.

The following table sets for the selected information from the Group's consolidated balance sheet as of the respective dates indicated:

	As at 31 March 2022	As at 30 September 2022
	(Audited)	(Unaudited)
	<i>HK\$'000</i>	<i>HK\$'000</i>
Current assets	12,796	8,223
Non-current assets	<u>11,993</u>	<u>10,089</u>
Total assets	<u><u>24,789</u></u>	<u><u>18,312</u></u>
Current liabilities	52,240	51,276
Non-current liabilities	<u>35,299</u>	<u>36,357</u>
Total liabilities	<u><u>87,539</u></u>	<u><u>87,633</u></u>
Net liabilities	<u><u>62,750</u></u>	<u><u>69,321</u></u>

The Group had total assets of approximately HK\$24.8 million and HK\$18.3 million as at 31 March 2022 and 30 September 2022, respectively. The deterioration in the Group's total assets as at 30 September 2022 was primarily due to (i) amortisation of intangible assets: and (ii) settlement of trade receivables.

As at 31 March 2022 and 30 September 2022, the non-current assets of the Group consisted of property, plant and equipment, goodwill and intangible assets; and the current assets of the Group consisted mainly of trade and other receivables, deposits and prepayments and cash and cash equivalents. As at 31 March 2022 and 30 September 2022, the Group has cash and cash equivalents in the amount of approximately HK\$1.9 million and HK\$1.4 million, respectively, and all of the Group's assets were operating in nature, and hence the Group will have sufficient resources to support its ongoing operations.

As at 31 March 2022 and 30 September 2022, the Group had total liabilities of approximately HK\$87.5 million and HK\$87.6 million, respectively. Among which approximately HK\$6.4 million and HK\$7.6 million, representing approximately 7.3% and 8.5% of the total liabilities of the Group respectively, were the amounts due to a non-controlling shareholder of a subsidiary of the Group.

For further information in relation to the Company's financial performance and position for the year ended 31 March 2022, the three months ended 30 June 2022, the six months ended 30 September 2022 and the nine months ended 31 December 2022, please refer to the 2022 Annual Report, the 2023 Q1 Report, the 2023 Interim Report and the 2023 Q3 Report.

Prospects and business strategies

OTT Services

As at the date of this announcement, the Group currently employs around 16 full-time employees in Hong Kong for its OTT Services business and had recorded approximately 100,000 users (including 47,000 users under bundle offer of 5G plan) as at 31 December 2022. The number of users of the Group's OTT Services has decreased from approximately 80,000 users as at 31 March 2021 to approximately 65,000 users as at 31 March 2022, and increased to approximately 100,000 users as at 31 December 2022. The Group aims to achieve 250,000 users by 31 December 2025.

The Group continues to be optimistic about the business prospects of its OTT services business. The Group expects to benefit from the increase in the number of users under the bundle of offers of 5G plan. The Directors are of the view that the broadcasting market in Hong Kong from a traditional free-licensed television broadcasting will be substituted by OTT broadcasting. The Group intends to exploit the OTT platforms, which customers be offered with a wide variety of films, pop songs and TV series, etc. over the Internet. In view of the rapid global development in media contents and the rising popularity of new media platforms among the mobile and internet users, the Group hopes to continue developing the quality media contents with the advantages of the existing platform resources and to thrive in the cultural and entertainment business.

Going forward, the Group will continue exploring other opportunities to acquire other media contents to enrich its media content library so as to attract more customers in Hong Kong and Macau.

Professional Services

As at the date of this announcement, the Group currently employs over 3 full-time IT professionals in Hong Kong. Customers of the Group include telecommunications companies and clubs.

Going forward, to further develop the Group's Professional Services, the Group intends to capitalise on its comprehensive service offerings to reach out to new potential customers and maintain long-term and stable business relationship with its existing customers so as to expand its business by cross selling its service offerings, actively promote its services to its existing clients, as well as other potential clients which are SMEs, in the IT, finance and advertising industries. In this regards, the Group will devote resources to continue building its Professional Services, and to actively explore more potential projects with its customers or potential customers through quotation invitations or competitive tenders so as to broaden its scale and income base.

Based on the latest financial information of the Group and other business plans, the Directors are confident that the existing Businesses of the Group remain sustainable and the financial performance of the Group will be gradually improved in the longer run. Accordingly, the Directors are of the view that the Businesses are of substance, viable and sustainable. The Group is carrying on the Businesses with sufficient level of operations and has assets of sufficient value to support its operation to warrant the continued listing of the Company's securities and thus in compliance with Rule 17.26 of the GEM Listing Rules. Accordingly, the Company is of the view that it has fulfilled the Resumption Guidance 2.

(iii) Resumption Guidance 3

The Company has re-complied with Rules 5.05(1) and 5.28 of the GEM Listing Rules following the appointment of Mr. Chan Chi Ching as an independent non-executive Director of the Company (“INED”) on 14 November 2022. The Company has continuously re-complied with the requirements of having at least three INEDs with at least one INED having the appropriate professional qualifications or accounting or related financial management expertise pursuant to Rule 5.05 of the GEM Listing Rules and have established an audit committee comprising a minimum of 3 members of non-executive directors (including one INED with appropriate professional qualifications or accounting or related financial management expertise). Accordingly, the Company is of the view that it has fulfilled the Resumption Guidance 3.

(iii) Resumption Guidance 4

The Company has continuously published announcements in accordance with the GEM Listing Rules to keep the market informed of all material information for the Company’s shareholders and other investors to appraise the Company’s position. Such announcements include the followings:

- (a) announcements on Resumption Guidance and quarterly updates on resumption progress;
- (b) announcements on changes of directors of the Company;
- (c) announcements on changes of auditors; and
- (d) other routine announcements including monthly returns on movements in securities.

To the best of knowledge of the Directors, there is no other information required to be disclosed under Part XIVA of the SFO and no other undisclosed information that is material for the Company’s shareholders and other investors to appraise the Company’s position. The Company will continue to publish announcements in accordance with the requirements of the GEM Listing Rules to keep the market informed as and when the needs arise. Accordingly, the Company is of the view that it has fulfilled the Resumption Guidance 4.

RESUMPTION OF TRADING

At the request of the Company, trading in the Shares on the Stock Exchange has been suspended with effect from 9:00 a.m. on 4 July 2022. As the Resumption Guidance has been fulfilled, an application has been made by the Company to the Stock Exchange for the resumption of trading in the Shares on the Stock Exchange with effect from 9:00 a.m. on Wednesday, 1 March 2023.

Shareholders of the Company and potential investors are advised to exercise caution when dealing in the Shares.

By order of the Board of
hmvod Limited
Ho Chi Na
Executive Director

Hong Kong, 28 February 2023

As at the date of this announcement, the Board comprises Ms. Ho Chi Na and Ms. Wong Tsz Ki as executive Directors, Mr. Chan Chi Ching, Mr. Chong Tung Yan Benedict and Mr. Tsang Hing Bun as independent non-executive Directors.

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 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 Stock Exchange's website at www.hkexnews.hk on the "Latest Listing Company Information" page for at least 7 days from the date of its posting and on the Company's website at www.hmvod.com.hk.