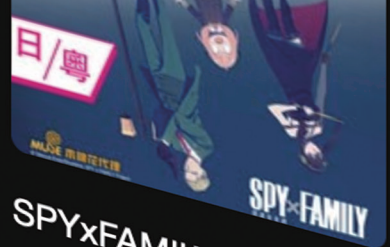


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SPYxFAMILY 間諜家家酒



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壮志凌云 獨行俠



hmvOD

hmvod Limited

hmvod 視頻有限公司

(Incorporated in the Cayman Islands with limited liability)
(Stock Code: 8103)

ANNUAL REPORT **2022**

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.

Hong Kong Exchanges and Clearing Limited and the Stock Exchange take no responsibility for the contents of this report, 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 report.

This report, 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 report 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 report misleading.

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CORPORATE INFORMATION

BOARD OF DIRECTORS

Executive Directors:

Ms. Ho Chi Na
Mr. Park Chung Min (*appointed on 21 March 2022
and resigned on 8 August 2022*)
Ms. Wong Tsz Ki (*appointed on 21 March 2022*)

Non-executive Director:

Mr. Lau Chung Yin (*resigned on 11 May 2022*)

Independent Non-executive Directors:

Mr. Ma Stephen Tsz On (*resigned on 23 July 2021*)
Mr. Tang Chun Hei (*resigned on 24 February 2022*)
Mr. Ho Chun Hang (*resigned on 23 March 2022*)
Mr. Hau Chi Kit (*resigned on 12 August 2022*)
Mr. Chong Tung Yan Benedict (*appointed on 20 July 2022*)
Mr. Tsang Hing Bun (*appointed on 20 July 2022*)
Mr. Chan Chi Ching (*appointed on 14 November 2022*)

COMPANY SECRETARY

Mr. Wong King Hung (*resigned on 11 May 2022*)
Mr. Chung Kiu Pan (*appointed on 11 May 2022*)

COMPLIANCE OFFICER

Ms. Ho Chi Na

AUTHORISED REPRESENTATIVES

Ms. Ho Chi Na
Mr. Wong King Hung (*resigned on 11 May 2022*)
Mr. Chung Kiu Pan (*appointed on 11 May 2022*)

AUDIT COMMITTEE

Mr. Tsang Hing Bun (*Chairman*) (*appointed on 20 July 2022*)
Mr. Chong Tung Yan Benedict (*appointed on 20 July 2022*)
Mr. Chan Chi Ching (*appointed on 14 November 2022*)
Mr. Ma Stephen Tsz On (*resigned on 23 July 2021*)
Mr. Tang Chun Hei (*resigned on 24 February 2022*)
Mr. Ho Chun Hang (*resigned on 23 March 2022*)
Mr. Hau Chi Kit (*resigned on 12 August 2022*)

REMUNERATION COMMITTEE

Mr. Chong Tung Yan Benedict (*Chairman*)
(*appointed on 20 July 2022*)
Mr. Tsang Hing Bun (*appointed on 20 July 2022*)
Mr. Chan Chi Ching (*appointed on 14 November 2022*)
Mr. Ma Stephen Tsz On (*resigned on 23 July 2021*)
Mr. Tang Chun Hei (*resigned on 24 February 2022*)
Mr. Ho Chun Hang (*resigned on 23 March 2022*)
Mr. Hau Chi Kit (*resigned on 12 August 2022*)

NOMINATION COMMITTEE

Mr. Chong Tung Yan Benedict (*Chairman*)
(*appointed on 20 July 2022*)
Mr. Tsang Hing Bun (*appointed on 20 July 2022*)
Mr. Chan Chi Ching (*appointed on 14 November 2022*)
Mr. Ma Stephen Tsz On (*resigned on 23 July 2021*)
Mr. Tang Chun Hei (*resigned on 24 February 2022*)
Mr. Ho Chun Hang (*resigned on 23 March 2022*)
Mr. Hau Chi Kit (*resigned on 12 August 2022*)

AUDITOR

Baker Tilly Hong Kong Limited

REGISTERED OFFICE

Cricket Square Hutchins Drive
P.O. Box 2681
Grand Cayman KY1-1111
Cayman Islands

CORPORATE INFORMATION

PRINCIPAL PLACE OF BUSINESS IN HONG KONG

Unit 02, 11/F., Eastmark
21 Sheung Yuet Road
Kowloon Bay, Kowloon
Hong Kong

PRINCIPAL BANKER

The Hongkong and Shanghai Banking Corporation Limited

PRINCIPAL SHARE REGISTRAR

Suntera (Cayman) Limited
Royal Bank House – 3rd Floor
24 Shedden Road
P.O. Box 1586
George Town
Grand Cayman KY1-1110
Cayman Islands

HONG KONG BRANCH SHARE REGISTRAR

Union Registrars Limited
Suites 3301-04, 33/F.
Two Chinachem Exchange Square
338 King's Road, North Point
Hong Kong

STOCK CODE

08103

WEBSITE

www.hmvod.com.hk

MANAGEMENT DISCUSSION AND ANALYSIS

FINANCIAL PERFORMANCE

During the year ended 31 March 2022, the Group recorded a turnover of approximately HK\$36.2 million (2021: HK\$32.8 million) representing an increase of approximately 10.4% as compared to that of the corresponding year in 2021. Subcontractors cost increased to approximately HK\$23.1 million as compared to approximately HK\$22.5 million of corresponding year in 2021 as a result of increase in revenue. Operating and administrating expenses increased to approximately HK\$7.3 million as compared to approximately HK\$6.0 million of corresponding year in 2021, representing an increase of approximately 21.7% as compared to that of the corresponding year in 2021. Finance cost decreased to approximately HK\$4.9 million as compared to approximately HK\$5.7 million of corresponding year in 2021. Such decrease was due to the drop in interest in bonds during the year ended 31 March 2022. For the year ended 31 March 2022, a loss attributable to owners of the Company of approximately HK\$28.1 million was recorded (2021: Loss of HK\$8.6 million).

Such loss was primarily attributable to (i) an one-off provisions for litigation of approximately HK\$9.8 million, (ii) an impairment loss on goodwill of approximately HK\$6.3 million, (iii) write-back of other payables of approximately HK\$0.9 million and (iv) waiver of other payables of approximately HK\$0.2 million during the year ended 31 March 2022. The adjusted loss for the year ended 31 March 2022 would be approximately HK\$12.9 million, compared with the adjusted loss for the year ended 31 March 2021 of approximately HK\$13.5 million by excluding (i) loss on settlement of bonds of approximately HK\$11.7 million, (ii) gain on disposal of subsidiaries of approximately HK\$8.5 million and (iii) waiver of other payables of approximately HK\$9.6 million.

A decrease in adjusted loss of HK\$0.6 million compared to the last year have affected by, among other factors, the followings: (i) increased in number of users (especially from the 5G bundle plan which China Mobile's offers) thus resulted in an increase in revenue of the Company and (ii) increased in OTT view rate and thus user stickiness as compared to the corresponding year in 2021 as a result of COVID-19 that lead to more people looking for home entertainment. Basic loss per share for the year ended 31 March 2022 was approximately HK27.96 cents (2021: HK17.12 cents).

BUSINESS PERFORMANCE AND PROSPECT

OTT services

OTT services is providing multi-media related services and contents in the Hong Kong via different platforms. In view of the growing penetration and expansion of multi-media segment, the Group is about optimistic 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. We consider 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 Macau via its own digital video rental platform. The revenue in OTT services recorded approximately HK\$35.8 million for the year ended 31 March 2022, compared with approximately HK\$31.1 million in the corresponding year of 2021. Such increase is due to enterprise's work from home policy due to the spread of COVID-19 during the year ended 31 March 2022.

Professional services

Our professional service team can 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.

MANAGEMENT DISCUSSION AND ANALYSIS

Our professional service team specializes 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 provides a series of highly skilled services including all level Penetration testing, complete coverage of Vulnerability management as well as DDoS protection.

Our Managed Security Services team can provide a full scale MSS security, 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 summarized as follows:

1. IT Security General Control Review and Security Risk Assessment

We adopt 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.

MANAGEMENT DISCUSSION AND ANALYSIS

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 enquiries;
- d) Incident and problem response and management.

Professional services recorded revenue of approximately HK\$0.4 million for the year ended 31 March 2022 (2021: HK\$1.7 million).

LIQUIDITY, FINANCIAL RESOURCES AND CAPITAL STRUCTURE

As at 31 March 2022, the deficit attributable to owners of the Company amounted to approximately HK\$54.8 million (2021: HK\$58.9 million). Current assets amounted to approximately HK\$12.8 million (2021: HK\$9.0 million), of which approximately HK\$1.9 million (2021: HK\$1.1 million) were bank balances and cash. Current liabilities were approximately HK\$52.2 million (2021: HK\$37.1 million) mainly include trade and other payables, borrowings and bonds. Total of borrowings and bonds amounted to approximately HK\$43.5 million as at 31 March 2022 (2021: HK\$40.2 million).

During the year under review, the capital structure of the Company was changed as follows:

On 3 September 2021, the Company completed the placing under general mandate ("Placing") of 16,998,000 placing shares ("Placing Shares") at the placing price of HK\$2.00 per placing share to not less than six independent professional institutional or other investors. After the completion of Placing, the number of shares in issue was increased from 90,875,248 shares to 107,873,248 shares.

As disclosed in the annual report of the Group for the year ended 31 March 2021, the Group recorded net current liabilities and net liabilities of approximately HK\$28.1 million and approximately HK\$67.2 million as at 31 March 2021 respectively while the bank balances and cash of the Group amounted to approximately HK\$1.1 million as at 31 March 2021. The auditors of the Group issued a disclaimer of opinion on the consolidated financial statements of the Group for the year ended 31 March 2021 because of multiple uncertainties relating to the going concern basis.

In view of the abovementioned situations and given that the general mandate has been granted to the Directors to allot, issue and otherwise deal with up to 20% of the then issued Shares as at the annual general meeting of the Company held on 30 September 2020, which would provide the Company with the flexibility and ability to capture appropriate capital raising or business opportunities in a timely manner, the Company intended to utilise the general mandate and to conduct the fund raising exercise by way of Placing. The Directors considered that the Placing offered a good and flexible opportunity to raise further capital in a relatively cost-effective and time efficient manner as well as to improve the financial position of the Group.

MANAGEMENT DISCUSSION AND ANALYSIS

The closing price per share as quoted on the Stock Exchange on 13 August 2021 was HK\$2.33. The aggregate nominal value of the Placing Shares were HK\$169,980. The gross proceeds of the Placing was approximately HK\$33,996,000 and the net proceeds (after deduction of placing commission and other fees, costs, charges and expenses of the Placing) was approximately HK\$32,293,000. The Company applied all the net proceeds from the Placing for approximately of HK\$1,293,000 to the Group's business operations and general working capital and approximately of HK\$31,000,000 for repayment of borrowings.

The Board will continue 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 2021 and 2022, the gearing ratio was not applicable for the both years.

FOREIGN CURRENCY EXPOSURE

During the year ended 31 March 2022, 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

No significant investment, material acquisition and disposal was completed for the year ended 31 March 2022.

UPDATE ON LISTING STATUS

Trading in the shares of the Company has been suspended at the request of the Company since 4 July 2022 as a result of the delay in publication of the financial results of the Group for the year ended 31 March 2022 and will remain suspended until further notice.

The Company received a letter (the "Letter") from the Stock Exchange dated 19 September 2022, in which the Stock Exchange set out the following resumption guidance for the Company:

- publish all outstanding financial results required under the GEM Listing Rules and address any audit modifications;
- demonstrate the Company's compliance with Rule 17.26 of the GEM Listing Rules; and
- inform the market of all material information for the Company's shareholders and other investors to appraise the Company's position.

The Letter also states that the Company must remedy the issue(s) causing its trading suspension and fully comply with the GEM Listing Rules to the Stock Exchange's satisfaction before trading in its securities is allowed to resume.

MANAGEMENT DISCUSSION AND ANALYSIS

On 4 November 2022, the Company received a letter from the Stock Exchange, in which, the Stock Exchange set out the following additional resumption guidance for the Company:

- re-comply with Rules 5.05(1) and 5.28 of the GEM Listing Rules.

As disclosed in the announcement of the Company dated 14 November 2022, the Company has appointed Mr. Chan Chi Ching as the independent non-executive director of the Company with effect from 14 November 2022. Upon his appointment becoming effective on 14 November 2022, the Company fulfilled the requirements under Rules 5.05(1) and 5.28 of the GEM Listing Rules.

The Company is taking appropriate steps to remedy the issues causing its trading suspension and will use its best endeavours to resume trading as soon as practicable. Further announcement(s) will be made by the Company as and when appropriate to keep the Shareholders and potential investors informed.

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 the shareholders.

SEGMENT INFORMATION

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

- OTT services; and
- professional services.

EMPLOYEES AND REMUNERATION POLICIES

As at 31 March 2022, the Group hired 25 employees including the directors (2021: 24). Total staff costs including Directors' remuneration for the year under review amounted to approximately HK\$7.8 million (2021: HK\$6.8 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.

MANAGEMENT DISCUSSION AND ANALYSIS

CHARGES ON THE GROUP'S ASSETS

Details of charges on the Group's assets are set out in Note 15 to the consolidated financial statements.

CONTINGENT LIABILITIES

As at 31 March 2022, the Group did not have any material contingent liabilities (31 March 2021: Nil).

DIRECTORS AND SENIOR MANAGEMENT PROFILE

The biographical details in respect of the Directors and the senior management of the Company as at the date of this report are as follows:

EXECUTIVE DIRECTORS

Ms. Ho Chi Na, aged 43, was appointed as executive Director on 1 November 2017. Ms. Ho is a director of Anyplex Hong Kong Limited and Anyplex Taiwan Limited, subsidiaries of the Company. She has over 20 years of experience in TV and digital industry and was a Head of Pay TV department in Hong Kong Broadband Network Limited from 2009 to 2012. She then joined Anyplex Hong Kong Limited as general manager in 2012 and was promoted to CEO in 2016 with her tremendous contribution to OTT services growth. Ms. Ho received her bachelor's degree in business administration from the City University of Hong Kong in 2001 and master degree in business administration from University of Hong Kong in 2013.

Ms. Wong Tsz Ki, aged 29, was appointed as executive director on 21 March 2022. Ms. Wong graduated from Macquarie University, Australia with a Bachelor of Applied Finance. Prior to joining the Group, Ms. Wong worked in a financial services group company engaged in securities, precious metals, finance and other businesses for several years, and subsequently held management position in a media company focusing on broadcast and multimedia creation.

INDEPENDENT NON-EXECUTIVE DIRECTORS

Mr. Chan Chi Ching, aged 44, has extensive experience and network in media and public relations industries. He had more than 10 years of experience in editorial and management in a major media company in Hong Kong. He is currently a director of a financial public relation firm. He has been an executive director of Huisheng International Holdings Limited (stock code: 1340), a company listed on the Main Board of the Stock Exchange from June 2016 to June 2022.

Mr. Chong Tung Yan Benedict, aged 40, was appointed as an independent non-executive director of the Company on 20 July 2022. Mr. Chong graduated with honors in the each of programme of Recording Arts Management and Producing and Engineering from Harris Institute in Canada. He has more than 20 years of experience in music production and media management. He has founded Unleash Entertainment in 2012. His passion and enthusiasm has led him to be involved in music production, live events and television and films scoring with various entertainment companies. He is currently running his own music production company for production and publishing of music for records, television and films.

Mr. Tsang Hing Bun, aged 43, was appointed as an independent non-executive director of the Company on 20 July 2022. Mr. Tsang holds a Bachelor Degree of Social Science from the Chinese University of Hong Kong and a Master of Science Degree in Finance from City University of Hong Kong. He has more than 20 years of experience in audit, accounting, corporate finance and compliance. Mr. Tsang is a member of The Hong Kong Institute of Certified Public Accountants, an associate member of The Hong Kong Chartered Governance Institute and The Chartered Governance Institute. He is also a financial risk manager granted by Global Association of Risk Professionals. He has been an executive director of Kingkey Intelligence Culture Holdings Limited (stock code: 550), a company listed on the Main Board of the Stock Exchange since September 2015, a non-executive director of Sino Oil and Gas Holdings Limited (stock code: 702), a company listed on the Main Board of the Stock Exchange since August 2020, an executive director of Jimu Group Limited (stock code: 8187), a company listed on the GEM of the Stock Exchange since April 2022, an independent non-executive director of Teamway International Group Holdings Limited (stock code: 1239), a company listed on the Main Board of the Stock Exchange since January 2023. He had been an executive director of Carry Wealth Holdings Limited (stock code: 643), a company listed on the Main Board of the Stock Exchange from July 2022 to January 2023.

DIRECTORS AND SENIOR MANAGEMENT PROFILE

SENIOR MANAGEMENT

Ms. Ho Chi Na, aged 43, was appointed as the compliance officer of the Company on 31 December 2020. Please refer to the sub-section headed "Executive Directors" above for Ms. Ho's biographical details.

Mr. Chung Kiu Pan, aged 37, was appointed as a company secretary of the Company on 11 May 2022, Mr. Chung graduated with a bachelor of business administration majoring in professional accountancy in the Chinese University of Hong Kong. He is currently a member of the Hong Kong Institute of Certified Public Accountants, and a certified public accountant (practising) of Hong Kong Institute of Certified Public Accountants. Mr. Chung is currently chief financial officer and company secretary of Chi Ho Development Holdings Limited (stock code: 8423) and the company secretary of Janco Holdings Limited (stock code: 8035). He has extensive financial, accounting and company secretary experiences.

CORPORATE GOVERNANCE REPORT

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.

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 since 31 March 2021. 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 2022.

BOARD OF DIRECTORS

The Board is responsible for the formulation of strategies and policies, including an oversight of the management. The management of the Company is responsible for the day-to-day operations of the Company under the leadership of the chief executive officer.

The Board also assumes the corporate governance duties of the Company, which include:

- (i) developing and reviewing the Company’s policies and practices on corporate governance and making recommendations to the Board;
- (ii) reviewing and monitoring the training and continuous professional development of Directors and senior management;
- (iii) reviewing and monitoring the Company’s policies and practices in compliance with the legal and regulatory requirements;
- (iv) developing, reviewing and monitoring the code of conduct and compliance manual applicable to employees and Directors; and

CORPORATE GOVERNANCE REPORT

- (v) reviewing the Company's compliance with the Code and disclosure in the corporate governance report enclosed in the annual report of the Company.

Throughout the year under review, the Board has assumed the above corporate governance duties by discussing and considering the above matters.

As at 31 March 2022, the Board comprised of five Directors, including (i) three executive Directors, namely Ms. Ho Chi Na, Mr. Park Chung Min and Ms. Wong Tsz Ki; (ii) one non-executive Director, namely Mr. Lau Chung Yin; and (iii) one independent non-executive Director, namely Mr. Hau Chi Kit. The independent non-executive Director has appropriate professional qualifications, or related financial management expertise.

As at 31 March 2022, (i) the Company has only one independent non-executive Director which deviated from the requirement under the Rule 5.05(1) and 5.05A of the Rules Governing the Listing of Securities on the GEM on the Stock Exchange (the "GEM Listing Rules"); and (ii) the Company has only one member in the Audit Committee which deviated from the requirement under the Rule 5.28. The Board will make its best endeavours to identify an appropriate person to fill the vacancy of independent non-executive Director and member of the Audit Committee as required under Rules 5.05(1), 5.05A and 5.28 of the GEM Listing Rules as soon as practicable.

On 20 July 2022, Mr. Chong Tung Yan Benedict ("Mr. Chong") and Mr. Tsang Hing Bun ("Mr. Tsang") have been appointed as independent non-executive directors of the Company.

Following the appointment of Mr. Chong and Mr. Tsang and the resignation of Mr. Hau Chi Kit on 12 August 2022, (i) the Company has only two independent non-executive Directors which deviated from the requirement under the Rule 5.05(1) of the Rules Governing the Listing of Securities on the GEM on the Stock Exchange (the "GEM Listing Rules"); and (ii) the Company has only two members in the Audit Committee which deviated from the requirement under the Rule 5.28. On 14 November 2022, Mr. Chan Chi Ching ("Mr. Chan") has been appointed as independent non-executive director of the Company. The vacancy of independent non-executive Director and member of the Audit Committee were filled up and Rules 5.05(1), 5.05A and 5.28 of the GEM Listing Rules were complied.

In determining the independence of independent non-executive Directors, the Board has followed the requirements set out in the GEM Listing Rules. The Company has received from each of the independent non-executive Director an annual confirmation of independence pursuant to Rule 5.09 of the GEM Listing Rules. Based on such confirmation, the Company is of the view that all the independent non-executive Directors have met the independence guidelines set out in Rule 5.09 of the GEM Listing Rules and considers that they are independent.

Pursuant to the articles of association of the Company, at each annual general meeting, one-third of the Directors for the time being, or, if their number is not three or a multiple of three, then the number nearest to but not more than one-third, shall retire from office by rotation provided that every Director, including those appointed for a specific term, shall be subject to retirement by rotation at least once every three years. A retiring Director shall be eligible for re-election.

The Board meets regularly, and at least four times a year of approximately quarterly internals. Between scheduled meetings, senior management of the Company from time to time meets with Directors to discuss the businesses of the Company. In addition, Directors have full access to information on the Group and independent professional advice whenever deemed necessary by the Directors.

CORPORATE GOVERNANCE REPORT

During the financial year ended 31 March 2022, the Board held 11 board meetings and 1 general meeting and the attendance records of these meetings are set out below:

Name	Attendance	
	Board meeting	General meeting
Executive Directors:		
Ms. Ho Chi Na	11/11	1/1
Mr. Park Chung Min (<i>appointed on 21 March 2022 and resigned on 8 August 2022</i>)	N/A	N/A
Ms. Wong Tsz Ki (<i>appointed on 21 March 2022</i>)	N/A	N/A
Non-executive Director:		
Mr. Lau Chung Yin (<i>resigned on 11 May 2022</i>)	11/11	1/1
Independent non-executive Directors:		
Mr. Ma Stephen Tsz On (<i>resigned on 23 July 2021</i>)	3/3	N/A
Mr. Tang Chun Hei (<i>resigned on 24 February 2022</i>)	10/10	1/1
Mr. Ho Chun Hang (<i>resigned on 23 March 2022</i>)	11/11	1/1
Mr. Hau Chi Kit (<i>resigned on 12 August 2022</i>)	11/11	1/1
Mr. Chong Tung Yan Benedict (<i>appointed on 20 July 2022</i>)	N/A	N/A
Mr. Tsang Hing Bun (<i>appointed on 20 July 2022</i>)	N/A	N/A
Mr. Chan Chi Ching (<i>appointed on 14 November 2022</i>)	N/A	N/A

There is no relationship (including financial, business, family or material/relevant relationship(s)) among members of the Board.

DIRECTORS' CONTINUOUS TRAINING AND PROFESSIONAL DEVELOPMENT

Pursuant to the code provision A.6.5 of the Code, all Directors should participate in continuous professional development to develop and refresh their knowledge and skills so as to ensure their contribution to the Board remains informed and relevant. The Company should be responsible for arranging and funding suitable training, placing an appropriate emphasis on the roles, functions and duties of the Director.

During the year under review, all Directors have been provided with and read the materials prepared by the Company relating to their roles, functions and duties as directors of a listed issuer.

CORPORATE GOVERNANCE REPORT

The Directors also provided their training record to the Company in respect of their participation in other training activities such as attending trainings and/or seminars, or reading newspapers, journals and updates relevant to the Group's businesses or to their duties and responsibilities as directors of a listed company, particulars of which are as follows:

Name	Trainings
Executive Directors:	
Ms. Ho Chi Na	✓
Mr. Park Chung Min (<i>appointed on 21 March 2022 and resigned on 8 August 2022</i>)	✓
Ms. Wong Tsz Ki (<i>appointed on 21 March 2022</i>)	✓
Non-executive Director:	
Mr. Lau Chung Yin (<i>resigned on 11 May 2022</i>)	✓
Independent non-executive Directors:	
Mr. Ma Stephen Tsz On (<i>resigned on 23 July 2022</i>)	✓
Mr. Tang Chun Hei (<i>resigned on 24 February 2022</i>)	✓
Mr. Ho Chun Hang (<i>resigned on 23 March 2022</i>)	✓
Mr. Hau Chi Kit (<i>resigned on 12 August 2022</i>)	✓
Mr. Chong Tung Yan Benedict (<i>appointed on 20 July 2022</i>)	✓
Mr. Tsang Hing Bun (<i>appointed on 20 July 2022</i>)	✓
Mr. Chan Chi Ching (<i>appointed on 14 November 2022</i>)	✓

DIRECTORS' RESPONSIBILITIES FOR THE FINANCIAL STATEMENTS

The Board acknowledges its responsibility to prepare the Company's consolidated financial statements for each financial year which give a true and fair view of the state of affairs of the Group and the Company and of the results and cash flows of the Group for that year. In preparing the consolidated financial statements for the year ended 31 March 2022, the Board has selected suitable accounting policies and applied them consistently; made judgements and estimates that are prudent, fair and reasonable and prepared the accounts on a going concern basis.

The Directors are responsible for taking all reasonable and necessary steps to safeguard the assets of the Group and to prevent and detect fraud and other irregularities.

The Directors, having made appropriate enquiries, consider that the Group has adequate resources to continue in operational existence for the foreseeable future and that, for this reason, it is appropriate to adopt the going concern basis in preparing the consolidated financial statements.

CORPORATE GOVERNANCE REPORT

MATERIAL UNCERTAINTY RELATED TO GOING CONCERN

The Directors are aware that the Group incurred a net loss of HK\$27,867,000 for the year ended 31 March 2022 and, as of that date, the Group's current liabilities exceeded its current assets by HK\$39,444,000 and total liabilities exceeded its total assets by HK\$62,750,000. The Group's total borrowings (comprising borrowings and bonds) amounted to HK\$43,462,000, out of which borrowings of HK\$14,247,000 and bonds of HK\$10,402,000 are due for repayment in the next twelve months from the date of this report. These conditions may cast a significant doubt about the ability of the Group to continue as a going concern. Further discussion of this matter is set out in note 2 to the consolidated financial statements.

In view of these circumstances, 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 fulfill its financial obligations to continue as a going concern. The Directors considered the Group has applied appropriate accounting policies consistently, made judgments and estimates that are prudent and reasonable in accordance with applicable accounting standards.

RISK MANAGEMENT AND INTERNAL CONTROL

The Board has overall responsibility for ensuring an effective system of risk management and internal control be maintained and for reviewing on an annual basis its effectiveness to safeguard the Company's assets and the Shareholders' interests.

The Audit Committee have been established under the Board, which is responsible for monitoring and reviewing the risk management procedures and internal control system of the Group.

The purpose of the Company's risk management process is to identify and manage risks in such a way that the Company is able to meet its strategic and financial targets. The Group formulated risk management procedures by taking into account adequately the eight elements of this risk management framework: Internal Environmental, Objective Setting, Event Identification, Risk Assessment, Risk Respond, Control Activities, Information and Communication and Monitoring.

The Group aims to develop risk awareness and control responsibility as our culture and the foundation of our internal control system. The internal control system applies to the Group's critical business processes including strategy development, business planning, investment decisions, capital allocation and day-to-day operations.

At beginning of each year, the Group conducts a risk assessment on the existing or potential risks that may impact the achievement of business objectives over the course of business operation. The assessment includes potential likelihood and impact of the identified risks. For the risks identified, the management determines the action plans and management targets in the expected time of completion according to the risk assessment result. The management is also responsible for managing their respective day-to-day operating risks, implementing measures to mitigate such risks.

CORPORATE GOVERNANCE REPORT

The internal control system is designed and implemented to reduce the risks associated with the business accepted by the Group and minimise the adverse impact resulted from the risks. The risk management and internal control system are designed to manage rather than eliminate the risk of failure to achieve business objectives, and can only provide reasonable and not absolute assurance against material misstatement or loss.

For the year ended 31 March 2022, the Group has undertaken the internal audit function to ensure the effectiveness and efficiency of the risk management and internal control system of the Group. There is no significant deficiency and weakness on the internal control system has been identified for the year ended 31 March 2022.

The Board considered that, for the year ended 31 March 2022, the risk management and internal control system and procedures of the Group, covering all material controls were reasonably effective and adequate.

REMUNERATION COMMITTEE

The remuneration committee of the Company (the "Remuneration Committee") was established in 2005 with written terms of reference. As at 31 March 2022, the chairman of the Remuneration Committee was Mr. Hau Chi Kit, an independent non-executive Director.

Pursuant to the terms of reference of the Remuneration Committee, the Remuneration Committee is mainly responsible for:

- (i) making recommendations to the Board on the Company's policy and structure for all remuneration of Directors and senior management and on the establishment of a formal and transparent procedure for developing policy on such remuneration;
- (ii) having the delegated responsibility to determine the specific remuneration packages of all executive Directors and senior management, including benefits in kind, pension rights and compensation payments, including any compensation payable for loss or termination of their office or appointment, and making recommendations to the Board of the remuneration of non-executive Directors, and the Remuneration Committee should consider factors such as salaries paid by comparable companies, time commitment and responsibilities of the Directors, employment conditions elsewhere in the group and desirability of performance-based remuneration;
- (iii) reviewing and approving performance-based remuneration by reference to corporate goals and objectives resolved by the Board from time to time;
- (iv) reviewing and approving the compensation payable to executive Directors and senior management in connection with any loss or termination of their office or appointment to ensure that such compensation is determined in accordance with relevant contractual terms and that such compensation is otherwise fair and not excessive for the Company;
- (v) reviewing and approving compensation arrangements relating to dismissal or removal of Directors for misconduct to ensure that such arrangements are determined in accordance with relevant contractual terms and that any compensation payment is otherwise reasonable and appropriate;
- (vi) ensuring that no Director or any of his associates is involved in deciding his own remuneration; and
- (vii) advising shareholders on how to vote with respect to any service contracts of Directors that require shareholders' approval under Rule 17.90 of the GEM Listing Rules.

CORPORATE GOVERNANCE REPORT

During the financial year ended 31 March 2022, the Remuneration Committee held two meetings, and the attendance records of the meeting are set out below:

Name	Attendance
Mr. Hau Chi Kit (<i>resigned on 12 August 2022</i>)	2/2
Mr. Ma Stephen Tsz On (<i>resigned on 23 July 2021</i>)	N/A
Mr. Tang Chun Hei (<i>resigned on 24 February 2022</i>)	1/1
Mr. Ho Chun Hang (<i>resigned on 23 March 2022</i>)	2/2
Mr. Chong Tung Yan Benedict (<i>Chairman</i>) (<i>appointed on 20 July 2022</i>)	N/A
Mr. Tsang Hing Bun (<i>appointed on 20 July 2022</i>)	N/A
Mr. Chan Chi Ching (<i>appointed on 14 November 2022</i>)	N/A

During the year under review, the Remuneration Committee has considered and reviewed the existing terms of appointment of the Directors. The Remuneration Committee considers that the existing terms of appointment of the Directors are fair and reasonable.

NOMINATION COMMITTEE

The nomination committee of the Company (the "Nomination Committee") was established in 2012 with written terms of reference. As at 31 March 2022, the Chairman of the Nomination Committee was Mr. Hau Chi Kit, an independent non-executive Director.

Pursuant to the terms of reference of the Nomination Committee, the Nomination Committee is mainly responsible for:

- (i) reviewing the structure, size and composition (including the skills, knowledge and experience) of the Board on a regular basis and make recommendations to the Board regarding any proposed changes;
- (ii) identifying individuals suitably qualified to become Board members and select or make recommendations to the Board on the selection of individuals nominated for directorships;
- (iii) assessing the independence of independent non-executive Directors; and
- (iv) making recommendations to the Board on relevant matters relating to the appointment or re-appointment of Directors and succession planning for directors in particular the chairman and the chief executive officer.

CORPORATE GOVERNANCE REPORT

During the financial year ended 31 March 2022, the Nomination Committee held two meetings, and the attendance records of these meetings are set out below:

Name	Attendance
Mr. Hau Chi Kit (<i>resigned on 12 August 2022</i>)	2/2
Mr. Ma Stephen Tsz On (<i>resigned on 23 July 2021</i>)	N/A
Mr. Tang Chun Hei (<i>resigned on 24 February 2022</i>)	1/1
Mr. Ho Chun Hang (<i>resigned on 23 March 2022</i>)	2/2
Mr. Chong Tung Yan Benedict (<i>Chairman</i>) (<i>appointed on 20 July 2022</i>)	N/A
Mr. Tsang Hing Bun (<i>appointed on 20 July 2022</i>)	N/A
Mr. Chan Chi Ching (<i>appointed on 14 November 2022</i>)	N/A

The Company adopted a board diversity policy which sets out the approach to achieve diversity on the Board and the factors (including but not limited to age, gender, cultural and educational background, professional experience, skill and knowledge) to be considered in determining the optimum composition of the Board so as to contribute to the achievement of the Company's corporate goals and strategic objectives. The Nomination Committee will review the board diversity policy when appropriate to ensure its effectiveness and will discuss any revisions that may be required to be considered and approved by the Board.

The Nomination Committee is of the view that the current diversity of the Board is appropriate.

During the year under review, the Nomination Committee has considered and reviewed the policy for the nomination of Directors, the process and criteria to select and recommend candidates for directorship. The Nomination Committee considers that the existing policy for nomination, selection and recommendation for directorship are suitable.

AUDIT COMMITTEE

In full compliance with Rule 5.28 of the GEM Listing Rules, the audit committee of the Company (the "Audit Committee") was established in 2000 with written terms of reference. As at 31 March 2022, the member of the Audit Committee was Mr. Hau Chi Kit.

As at 31 March 2022, (i) the Company has only one independent non-executive Director which deviated from the requirement under the Rule 5.05(1) and 5.05A of the Rules Governing the Listing of Securities on the GEM on the Stock Exchange (the "GEM Listing Rules"); and (ii) the Company has only one member in the Audit Committee which deviated from the requirement under the Rule 5.28. After the appointment as independent non-executive directors of the Company of Mr. Chong Tung Yan Benedict and Mr. Tsang Hing Bun on 20 July 2022 and Mr. Chan Chi Ching on 14 November 2022, respectively, the vacancy of independent non-executive Director and members of the Audit Committee were filled up and Rules 5.05(1), 5.05A and 5.28 of the GEM Listing Rules were complied.

CORPORATE GOVERNANCE REPORT

Pursuant to the terms of reference of the Audit Committee, the Audit Committee is mainly responsible for:

- (i) considering the appointment of the external auditor, the performance of the external auditors, the audit fee and any questions of resignation or dismissal of the external auditor;
- (ii) reviewing with the Group's management, external auditors and internal auditors, the adequacy of the Group's policies and procedures regarding internal controls (including financial, operational and compliance controls) and any statement by the Directors on such system to be included in the annual accounts prior to endorsement by the Board;
- (iii) having familiarity, through the individual efforts of its members, with the financial reporting principles and practices applied by the Group in preparing its financial statements;
- (iv) prior to its commencement, reviewing the scope of the external audit, including the engagement letter, and the review should include an understanding, from the external auditors of the factors considered by them in determining their audit scope, and negotiating the external auditors' fees with management;
- (v) reviewing the extent of non-audit services provided by the external auditors in relation to their independence;
- (vi) reviewing the quarterly, interim and annual report prior to approval by the Board, with particular focus on:
 - (a) any changes in accounting policies and practices;
 - (b) major judgmental areas;
 - (c) significant adjustments resulting from the audit;
 - (d) compliance with accounting standards;
 - (e) compliance with the listing requirements of the Stock Exchange and legal requirements;
 - (f) the fairness and reasonableness of any connected transaction and the impact of such transaction on the profitability of the Group;
 - (g) whether all relevant items have been adequately disclosed in the Group's financial statements and whether the disclosures give a fair view of the Group's financial conditions;
 - (h) the cash flow position of the Group; and
 - (i) providing advice and comments thereon to the Board;

CORPORATE GOVERNANCE REPORT

- (vii) reviewing the draft representation letter prior to approval by the Board;
- (viii) reviewing and considering the budget, revised budget prepared by the Board;
- (ix) evaluating the cooperation received by the external auditors, including their access to all requested records, data and information; obtaining the comments of management regarding the responsiveness of the external auditors to the Group's needs; inquiring the external auditors as to whether there have been any disagreements with management which if not satisfactorily resolved would result in the issue of a qualified report on the Group's financial statements;
- (x) discussing with the external auditors any relevant recommendations arising from the audit; and reviewing the draft management letter including management's response to the points raised;
- (xi) when the auditors supply a substantial volume of non-audit services to the Group, keeping the nature and extent of such services under review, seeking to balance the maintenance of objectivity and value for money;
- (xii) discussing with management the risk management and internal control systems and ensure that management has discharged its duty to have effective systems including the adequacy of resources, staff qualifications and experience, training programmes and budget of the Company's accounting and financial reporting function;
- (xiii) appraising the Board of significant developments in the course of performing the above duties;
- (xiv) recommending to the Board any appropriate extensions to, or changes, in the duties of the Audit Committee;
- (xv) considering major investigation findings on risk management and internal control matters as delegated by the Board or on its own initiative and management's response to these findings;
- (xvi) (where an internal audit function exists) reviewing the internal audit program, ensure co-ordination between the internal and external auditors, and ensure that the internal audit function is adequately resourced and has appropriate standing within the Group; and
- (xvii) considering other topics, as defined or assigned by the Board from time to time.

During the financial year ended 31 March 2022, the Audit Committee held four meetings, and the attendance records of these meetings are set out below:

Name	Attendance
Mr. Hau Chi Kit (<i>resigned on 12 August 2022</i>)	4/4
Mr. Ma Stephen Tsz On (<i>resigned on 23 July 2021</i>)	1/1
Mr. Tang Chun Hei (<i>resigned on 24 February 2022</i>)	4/4
Mr. Ho Chun Hang (<i>resigned on 23 March 2022</i>)	4/4
Mr. Chong Tung Yan Benedict (<i>appointed on 20 July 2022</i>)	N/A
Mr. Tsang Hing Bun (<i>Chairman</i>) (<i>appointed on 20 July 2022</i>)	N/A
Mr. Chan Chi Ching (<i>appointed on 14 November 2022</i>)	N/A

The audited consolidated results for the year ended 31 March 2021 have been reviewed by the Audit Committee on 30 June 2021. The results for the period ended 30 June 2021, 30 September 2021, and 31 December 2021 have been reviewed by the Audit Committee on 13 August 2021, 10 November 2021 and 9 February 2022 respectively.

The audited consolidated results of the Group for the year ended 31 March 2022 have been reviewed by the Audit Committee as at the date of this report.

CORPORATE GOVERNANCE REPORT

AUDITOR'S REMUNERATION

The audit works of the Group for the year ended 31 March 2022 were performed by Baker Tilly Hong Kong Limited.

The audit works of the Group for the year ended 31 March 2021 were performed by Elite Partners CPA Limited.

The total fee paid/payable in respect of the statutory audit and non-audit services provided by the external auditors is set out in the following table:

	2022 <i>HK\$'000</i>	2021 <i>HK\$'000</i>
– Audit services	880	600
– Non-audit services	–	–
Total	880	600

COMPANY SECRETARY

Mr. Chung Kiu Pan (“Mr. Chung”) is the company secretary of the Company.

According to the requirements of Rule 5.15 of the GEM Listing Rules, Mr. Chung has taken not less than 15 hours of relevant professional training during the financial year ended 31 March 2022.

SHAREHOLDERS' RIGHTS

Pursuant to article 58 of the articles of association of the Company, any one or more shareholders of the Company holding at the date of deposit of the requisition not less than one-tenth of the paid up capital of the Company carrying the right of voting at general meetings of the Company shall at all times have the right, by written requisition to the Board or the company secretary, to require an extraordinary general meeting to be called by the Board for the transaction of any business specified in such requisition; and such meeting shall be held within two (2) months after the deposit of such requisition. If within twenty-one (21) days of such deposit the Board fails to proceed to convene such meeting the requisitionist(s) himself (themselves) may do so in the same manner, and all reasonable expenses incurred by the requisitionist(s) as a result of the failure of the Board shall be reimbursed to the requisitionist(s) by the Company.

In the event that any shareholders of the Company holding at the date of deposit of the requisition not less than one-tenth of the paid up capital of the Company carrying the right of voting at general meetings of the Company would like to call for an extraordinary general meeting, please make a written requisition to the principal office of the Company in Hong Kong from time to time, making attention to “The Board of Directors and the Company Secretary”.

CORPORATE GOVERNANCE REPORT

There are no provisions allowing shareholders to put forward proposals at the general meetings under the memorandum and articles of association. If shareholders wish to do so, they may request to convene an extraordinary general meeting as stipulated above and specify the proposals in such written requisition.

For any enquiries, shareholders are welcome to contact the Company by post to the principal office of the Company in Hong Kong, by phone at (852) 3108 0188 or by fax at (852) 3108 0187.

INVESTOR RELATIONS

All corporate communication materials published on the Stock Exchange's website (<http://www.hkexnews.hk>) are posted on the Company's corporate website (<http://www.hmvod.com.hk>) as soon as practicable after their release. The Company's constitutional documents are also available on both websites. During the year ended 31 March 2022, there have not been any significant changes to the Company's constitutional documents.

CHANGE IN CONSTITUTIONAL DOCUMENTS

The memorandum of the Company and the Articles of Association have been amended and restated with effect from 11 September 2018, the latest version of which are available from the websites of the Company and the Stock Exchange.

DIRECTORS' REPORT

The Board is pleased to present its report together with the audited financial statements of the Group for the year ended 31 March 2022.

PRINCIPAL ACTIVITIES AND SEGMENT INFORMATION

The principal activity of the Company is investment holding and the activities of the subsidiaries are set out in Note 36 to the consolidated financial statements.

An analysis of the Group's performance for the year ended 31 March 2022 by segments are set out in Note 6 to the consolidated financial statements.

ANNUAL RESULTS

The annual results of the Group for the year ended 31 March 2022 are set out in the section headed "Consolidated statement of profit or loss and other comprehensive income" of this report.

SHARE CAPITAL

Details of the movements in share capital of the Company during the year ended 31 March 2022 are set out in Note 26 to the consolidated financial statements.

RESERVES

Details of the movements in reserves of the Group during the year under review are set out in the section headed "Consolidated statement of changes in equity" of this report.

SUFFICIENCY OF PUBLIC FLOAT

The Company has maintained a sufficient public float throughout the year ended 31 March 2022.

DISTRIBUTABLE RESERVES

The Company did not have reserves available for distribution to the shareholders as at 31 March 2022. Under the Companies Law of the Cayman Islands, the share premium of the Company amounted to approximately HK\$614.5 million at 31 March 2022 (2021: HK\$582.4 million) is distributable to the shareholders of the Company subject to the provisions of the Company's memorandum and articles of association and provided that immediately following the date on which the dividend is proposed to be distributed, the Company will be in a position to pay off its debts as they fall due in the ordinary course of business.

DIRECTORS' REPORT

BORROWINGS

Particulars of borrowings and bonds of the Group as at 31 March 2022 are set out in Notes 22 and 23 to the consolidated financial statements.

PROPERTY, PLANT AND EQUIPMENT

Details of the movements in property, plant and equipment of the Group during the year ended 31 March 2022 are set out in Note 15 to the consolidated financial statements.

MAJOR CUSTOMERS AND SUPPLIERS

For the year ended 31 March 2022, the aggregate percentage of purchases attributable to the Group's five largest suppliers accounted for approximately 56.4% of the total purchases of the Group and the largest supplier amounted to approximately 15.3%.

The aggregate percentage of revenue for the year attributable to the Group's five largest customers is less than 30% of total revenue for the year and therefore no disclosures with regard to major customers are made.

At no time during the year have the Directors, chief executive, substantial shareholders of the Company or any of its subsidiaries or their associates (which to the knowledge of the Directors own more than 5% of the Company's share capital) had any interest in these major customers and suppliers.

DIVIDENDS

The Board does not recommend the payment of any final dividend for the year ended 31 March 2022.

RETIREMENT BENEFITS SCHEME

Details of the Group's retirement benefits scheme for the year ended 31 March 2022 are set out in Note 29 to the consolidated financial statements.

RELATED PARTY TRANSACTIONS

Details of the Group's related party transactions are set out in Note 35 to the consolidated financial statements. Such related party transactions do not fall under the definition of connected transaction or continuing connected transaction under the GEM Listing Rules.

DIRECTORS' REPORT

DIRECTORS

During the year ended 31 March 2022 and up to the date of this report, the Board comprises the following Directors:

Executive Directors

Ms. Ho Chi Na

Mr. Park Chung Min (*appointed on 21 March 2022 and resigned on 8 August 2022*)

Ms. Wong Tsz Ki (*appointed on 21 March 2022*)

Non-executive Director

Mr. Lau Chung Yin (*resigned on 11 May 2022*)

Independent non-executive Directors

Mr. Ma Stephen Tsz On (*resigned on 23 July 2021*)

Mr. Tang Chun Hei (*resigned on 24 February 2022*)

Mr. Ho Chun Hang (*resigned on 23 March 2022*)

Mr. Hau Chi Kit (*resigned on 12 August 2022*)

Mr. Chong Tung Yan Benedict (*appointed on 20 July 2022*)

Mr. Tsang Hing Bun (*appointed on 20 July 2022*)

Mr. Chan Chi Ching (*appointed on 14 November 2022*)

The biographical details of the Directors as at the date of this report are set out in the section of "Directors and senior management profile" of this report.

DIRECTORS' SERVICE CONTRACTS

Each of the executive Directors of the Company and the independent non-executive Directors of the Company has entered into a service contract with the Company for an initial term of three years commencing from their dates of appointment, and their employments are subject to the rotation requirements under the articles of association of the Company.

None of the Directors has entered into any service contract with any member of the Group which in order to entitle the Company to terminate the service contract, expressly requires the Company to give a period of notice of more than 1 year or to pay compensation or make other payments equivalent to more than 1 year's remuneration, other than statutory compensation.

INDEPENDENT NON-EXECUTIVE DIRECTORS CONFIRMATION OF INDEPENDENCE

The Company has received from each of the independent non-executive directors an annual confirmation of his or her independence in relation to their services for the year ended 31 March 2022 pursuant to Rule 5.09 of the GEM Listing Rules and the Company considers that each of the independent non-executive Directors is independent.

DIRECTORS' REPORT

DIRECTORS' REMUNERATION

Details of the Directors' remuneration are set out in Note 11 to the consolidated financial statements.

DIRECTORS' AND CHIEF EXECUTIVE'S INTERESTS IN SECURITIES

As at 31 March 2022, none of the Directors and chief executive of the Company were interested in the shares, underlying shares and debentures of the Company or any of its associated corporations (within the meaning of Part XV of the Securities and Futures Ordinance (Chapter 571, the Laws of Hong Kong) ("SFO")) which were required to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests or short positions which they have taken or deemed to have under such provisions of the SFO), or which are required, pursuant to section 352 of the SFO, to be entered in the register maintained by the Company referred to therein, or which are required, pursuant to the required standard of dealing by the Directors under the GEM Listing Rules relating to securities transactions by the Directors, to be notified to the Company and the Stock Exchange.

SUBSTANTIAL SHAREHOLDERS

So far as is known to the Directors, as at 31 March 2022, save as disclosed below, there are no person (other than a director or chief executive of the Company) who have interests or short position in the shares or underlying shares of the Company which would fall to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO or who is, directly or indirectly, to be interested in 5% or more of the nominal value of any class of share capital carrying rights to vote in all circumstances at general meetings of any other member of the Group. As at 31 March 2022, the issued share capital of the Company was 107,873,248 shares.

Long position in shares of the Company:

Name	Capacity	No. of Shares	Approximately percentage to the issued share capital of the Company as at 31 March 2022
Masan Multi Strategy Fund SPC			
– Masan HK Equity Fund SP (<i>Note</i>)	Beneficiary owner	6,138,000	5.69%
Cheung Siu Fai (<i>Note</i>)	Beneficiary owner	11,301,000	10.48%

Note:

According to the information disclosed in the notices of disclosure of interest.

LONG POSITIONS IN UNDERLYING SHARES OF THE COMPANY

As at 31 March 2022, no long positions of other persons or substantial shareholders in the underlying shares of equity derivatives of the Company and its associated corporations were recorded in the register.

DIRECTORS' REPORT

SHORT POSITIONS IN SHARES OF THE COMPANY

As at 31 March 2022, no short positions of other persons or substantial shareholders in the shares of the Company and its associated corporations were recorded in the register to be kept under section 336 of the SFO.

SHORT POSITIONS IN UNDERLYING SHARES OF THE COMPANY

As at 31 March 2022, no short positions of other persons or substantial shareholders in the underlying shares of equity derivatives of the Company and its associated corporations were recorded in the register. Save as disclosed above, as at 31 March 2022, the Directors were not aware of any other person who has an interest or short position in the shares or underlying shares (including interest in options, if any) of the Company as recorded in the register required to be kept under section 336 of the SFO.

CONTRACTS OF SIGNIFICANCE

No contract of significance in relation to the Group's business to which any member of the Group was a party and in which a director of the Group had a material interest, whether directly or indirectly, subsisted at the end of the year ended 31 March 2022.

No contract of significance between the Company, or any of its subsidiaries, and a controlling shareholder or any of its subsidiaries subsisted during the year ended 31 March 2022.

No contract of significance for the provision of services to the Company or any of its subsidiaries by a controlling shareholder or any of its subsidiaries subsisted during the year ended 31 March 2022.

DIRECTORS' COMPETING INTERESTS

As at 31 March 2022, none of the Directors, the substantial shareholders or their respective associates (as defined under the GEM Listing Rules) had any business or interest in a business which competes or may compete with the business of the Group.

SHARE OPTION SCHEME

Pursuant to an ordinary resolution passed at an annual general meeting of the Company held on 12 November 2014, the Company approved and adopted a share option scheme (the "Scheme"). There were no movement in the share options during the year ended 31 March 2022 and there were no outstanding share options as at 31 March 2021 and 2022. Summary of the Scheme are set out below:

(a) Purpose of the Scheme

The purpose of the Scheme is to provide participants with the opportunity to acquire proprietary interests in the Company and to encourage participants to work towards enhancing the value of the Company and its shares for the benefit of the Company and its Shareholders as a whole.

(b) Participants

The categories of the participant under the Scheme include any directors (including executive directors, non-executive directors and independent non-executive directors) and employees of the Group or any entity in which any member of the Group holds an equity interest (an "Invested Entity") and any advisors, consultants, distributors, contractors, suppliers, agents, customers, business partners, joint venture business partners, promoters, service providers, shareholders, co-investors, lenders of or to, and persons who have business relationships with, any member of the Group or any Invested Entity (including the employees thereof) who the Board considers, in its sole discretion, have contributed or will contribute to the Group.

DIRECTORS' REPORT

The scope of participants under the Scheme is with an aim to attract, retain and maintain on-going business relationship with the other participants whose contributions are or will be beneficial to the long term growth of the Group which would enhance the value of the Company and its shares on the basis of the Board's discretion with reference to their history, business relationship and contributions with/to the Group.

(c) Maximum number of shares

The maximum number of shares to be issued upon exercise of all outstanding options granted and yet to be exercised under the Scheme and any other share option schemes of the Company must not in aggregate exceed 30 per cent. in nominal amount of the issued share capital of the Company from time to time ("Scheme Limit").

- (i) The maximum number of shares in respect of which options may be granted under the Scheme shall not (when aggregated with any shares subject to any other share option scheme(s) of the Company) exceed 10 per cent. in nominal amount of the issued share capital of the Company on the adoption date (the "Scheme Mandate Limit"). Option lapsed in accordance with the terms of the Scheme will not be counted for the purpose of calculating the Scheme Mandate Limit.
- (ii) The Scheme Mandate Limit referred to in paragraph (c)(i) may be renewed at any time subject to prior Shareholders' approval but in any event shall not exceed 10 per cent. of the issued share capital of the Company as at the date of approval of the renewal of the Scheme Mandate Limit. Option previously granted under the Scheme or any other share option schemes (including those outstanding, cancelled, lapsed in accordance with the terms or exercised options) will not be counted for the purpose of calculating the refreshed Scheme Mandate Limit.
- (iii) The Company may grant options beyond the Scheme Mandate Limit to Participants if:
 - (a) the Company has first sent a circular to Shareholders containing a generic description of the specified participants in question, the number and terms of the options to be granted, the purpose of granting options to the specified participants with an explanation as to how the terms of the options serve such purpose; and
 - (b) separate Shareholder's approval has been obtained.

(d) Maximum entitlement of each participant

The maximum number of shares in respect of which options may be granted to a specifically identified single grantee under the Scheme shall not (when aggregated with any shares subject to any other share option scheme(s) of the Company) in any 12-month period exceed 1 per cent. of the shares in issue (the "Individual Limit"). The Company may grant options beyond the Individual Limit to a participant at any time if:

- (i) the Company has first sent a circular to Shareholders containing the identity of the participant in question, the number and terms of the options to be granted (and options previously granted to such participant); and
- (ii) separate Shareholder's approval has been obtained in general meeting with the proposed relevant grantee (as the case may be) and his associates abstaining from voting.

DIRECTORS' REPORT

(e) Subscription price for shares

The subscription price shall be determined by the Board in its absolute discretion but in any event shall not be less than the greater of:

- (i) the closing price of the shares as stated in the daily quotations sheets issued by the Stock Exchange on date of grant;
- (ii) the average closing price of the shares as stated in the daily quotations sheets issued by the Stock Exchange for the five business days immediately preceding date of grant; and
- (iii) the nominal value of a share.

(f) Duration of the Scheme

Subject to the provisions of the Scheme, the Scheme shall be valid and effective for a period of 10 years commencing on the Adoption Date (the "ten-year" period), after which period no further options shall be offered or granted but the provisions of the Scheme shall remain in full force and effect in all other respects. Options granted during the life of the Scheme shall continue to be exercisable in accordance with their terms of grant after the end of the ten-year period.

(g) Exercise of options

An option may be exercised in whole or in part in accordance with the terms of the Scheme by the grantee (or his legal personal representative(s)) by giving notice in writing to the Company stating that the option is thereby exercised and the number of shares in respect of which it is exercised. Each such notice must be accompanied by a remittance for the full amount of the subscription price multiplied by the number of shares in respect of which the notice is given. Within 28 days after receipt of the notice and, where appropriate, receipt of the Auditors' certificate or the certificate from the independent financial adviser to the Company, the Company shall accordingly allot and issue the relevant number of Shares to the grantee (or his legal personal representative(s)) credited as fully paid and issue to the grantee (or his legal personal representative(s)) share certificates in respect of the Shares so allotted.

(h) Minimum period

There are no minimum holding period for which an Option must be held before it can be exercised nor performance targets that need to be met before a grantee is entitled to exercise an Option duly granted under the Scheme.

(i) Time of acceptance and payment on acceptance

An Offer shall be deemed to have been accepted and an Option shall be deemed to have been granted and accepted and shall take effect when the duplicate letter comprising acceptance of the Offer duly signed by the Grantee with the number of Shares in respect of which the Offer is accepted clearly stated therein together with a remittance in favour of the Company of HK\$1.00 by way of consideration for the grant thereof is received by the Company. Such remittance shall in no circumstances be refundable.

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

During the year ended 31 March 2022, neither the Company nor any of its subsidiaries had purchased, sold or redeemed any of the Company's listed securities.

DIRECTORS' REPORT

FIVE YEAR SUMMARY

A summary of results and of the assets and liabilities of the Group for the last five financial years is set out in the section headed "Five year summary" of this report.

PERMITTED INDEMNITY

Pursuant to the memorandum and Articles of Association of the Company, the applicable laws and regulations, every Director shall be indemnified and secured harmless out of the assets and profits of the Company against all actions, costs, charges, losses, damages and expenses which they or any of them may incur or sustain in the execution of their duties in their offices. Such permitted indemnity provision has been in force throughout the year. The Company has arranged appropriate Directors' and officers' liability insurance coverage for the Directors and officers of the Group.

PRE-EMPTIVE RIGHTS

There is no provision for pre-emptive rights under the Company's articles of association or the laws of the Cayman Islands.

AUDITOR

The consolidated financial statements for the year ended 31 March 2021 were audited by Elite Partners CPA Limited. On 30 June 2022, Elite Partners CPA Limited has resigned from the auditor of the Company while Moore Stephens CPA Limited was appointed on 22 July 2022. On 9 November 2022, Moore Stephens CPA Limited resigned and Baker Tilly Hong Kong Limited was appointed on the same date. The consolidated financial statements for the year ended 31 March 2022 was audited by Baker Tilly Hong Kong Limited.

Baker Tilly Hong Kong Limited will retire and a resolution for their reappointment as auditor of the Company will be proposed at the forthcoming annual general meeting.

On behalf of the Board

Ho Chi Na

Executive Director

Hong Kong

ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

MESSAGE FROM THE BOARD

In the midst of COVID-19, climate change and heightened geopolitical tensions, we have remained resilient and stayed true to our purpose; to deliver global green solutions that is efficient, environmental, socially responsible and commercially viable.

Against this challenging backdrop, we strive to not only continuously focus on our ESG-related matters, but also to refine our policies and practices to meet the rising expectations of our stakeholders, the growing demands of our business, and the increasingly stringent global regulatory environment.

Climate change has been a pressing issue in the past decade. According to the Global Risk Report 2021 published by the World Economic Forum, the top three risk by likelihood are extreme weather, climate action failure and human environmental damage. As an environmental enterprise, we are increasingly taking this into account in our business strategy and risk management framework. We have laid out our green roadmap for the next decade, which encompasses improving energy efficiency of our electronic equipment, reducing waste generation and enhancing our services to incorporate green elements. We aim to support Hong Kong's net-zero goal in 2050 and to further assist our clients in their journey to a carbon neutral economy. For detail discussion, please refer to section "A.1. Emissions" and "A.2. Use of Resources".

The health and well-being of our employees, customer satisfaction and supply chain management strategy are the cornerstone of our success. We are committed to providing a safe and healthy working environment for our employees, improving customer satisfaction, strengthening our focus on intellectual property rights, and partnering with environmentally friendly suppliers. Since the outbreak of the COVID-19, all sectors were heavily impacted by the epidemic. We have supported our staffs, client and community through launching various programs and projects. Significant progress and milestones were reached in 2022, such as implementing a hybrid work model in our operations. For further details, please refer to section "B. Social".

Going forward, sustainability is embedded into the heart of our business operations and alive in our purpose. We are ready; our strategic roadmap and risk management framework encompasses the current and emerging ESG issues. We understand that there is more to be done and we will continue our momentum in building a health and vibrant community.

Thank you for your interest in the ESG report and we welcome any comments or suggestions on our ESG approach.

ABOUT THIS REPORT

hmvod Limited ("hmvod" or the "Company") and its subsidiaries (collectively referred to as the "Group" or "we") are pleased to present this Environmental, Social and Governance ("ESG") Report, which summarizes the ESG policies, initiatives, and performance of the Group, in accordance with the "Environmental, Social and Governance Reporting Guide" ("ESG Reporting Guide") set out in Appendix 20 of the Listing Rules. This report explains our work and key performance in environmental and social areas during the period from 1 April 2021 to 31 March 2022 (the "Reporting Period"), and aims to provide our stakeholders with a comprehensive understanding of our key ESG policies, initiatives and the Group's performance in four areas: environmental protection, employment and labor practices, operational management and community engagement.

ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

The ESG report is governed by the “Comply or Explain” principle which is the disclosure of the Key Performance Indicators (KPIs). In order to present a more balanced picture of our ESG performance and practices, the ESG report also encompasses three other core principles as following:

Materiality

The materiality was assessed based on the results obtained from stakeholder engagement. The threshold for sustainability topics to become material was reviewed and confirmed by our Management to ensure that they were sufficiently. The details on materiality analysis of ESG issues are summarised under sections “Stakeholder Engagement” and “Materiality Assessment”.

Quantitative

We have kept track of our performance and target throughout the reporting period. Where applicable, we compared our data and discuss on their implication. This principle applies to all information in the report.

Balance

The content and data provided in the report are unbiased. The Group discussed both our achievements and rooms for improvement in all ESG aspects.

Consistency

The report adopts consistent methodologies on assumptions and calculation methods to allow a fair comparison of our performance over time. Where applicable, we disclosed the changes to the method and KPIs used.

REPORTING SCOPE

The content of this report covers the offices in Hong Kong, which includes over the top (“OTT”) services and professional services in cyber security services and solutions. These business segments are controlled by the Group and the major sources of the Group’s revenue during the Reporting Period.

The information contained in this report has been collected through various means, including but not limited to reviewing the Group’s internal control policies and ESG-related processes, conducting interviews with stakeholders and referencing industry research papers and articles.

ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

GOVERNANCE STRUCTURE

In line with the Corporate Governance Code, the Board is responsible for the Group's environmental, social and governance strategies and reporting. The Board is also responsible for evaluating and determining the Group's ESG-related risks, and ensuring that appropriate and effective ESG risk management and internal control systems are in place. Management is responsible for ensuring the effectiveness of these systems and reporting to the Board that oversees compliance of ESG-related issues with laws and regulations.

Material ESG issues are identified and prioritised through our stakeholder engagement exercise. This year, we adopted an extensive stakeholder engagement framework to further understand our stakeholders' perspective on current and emerging ESG issues. The list of material ESG issues were reviewed and validated by the Board, and incorporated into the Group's planning for business strategies and ESG initiatives. The list of material ESG issues will be reviewed annually by the Board. For more details on materiality analysis of ESG issues, please refer to the sections "Stakeholder Engagement" and "Materiality Assessment" below.

During the Reporting Period, the Group has two operating segments including OTT services and professional services. As a service oriented corporation, our impact to the environment are considered as minimal. The Group understands the importance of ESG reporting and is committed to making continuous improvements of our corporate social responsibility strategy into our business in order to better meet the ever-changing needs of our stakeholders.

Our strategic approach to this subject matter includes a wide range of considerations, including the monitoring of similar regulations of other jurisdictions and on the bases of research articles and publications. This enables us to achieve our objective; to deploy our resources in an efficient, socially responsible and commercially viable manner. This report mainly presents policies, initiatives and performance.

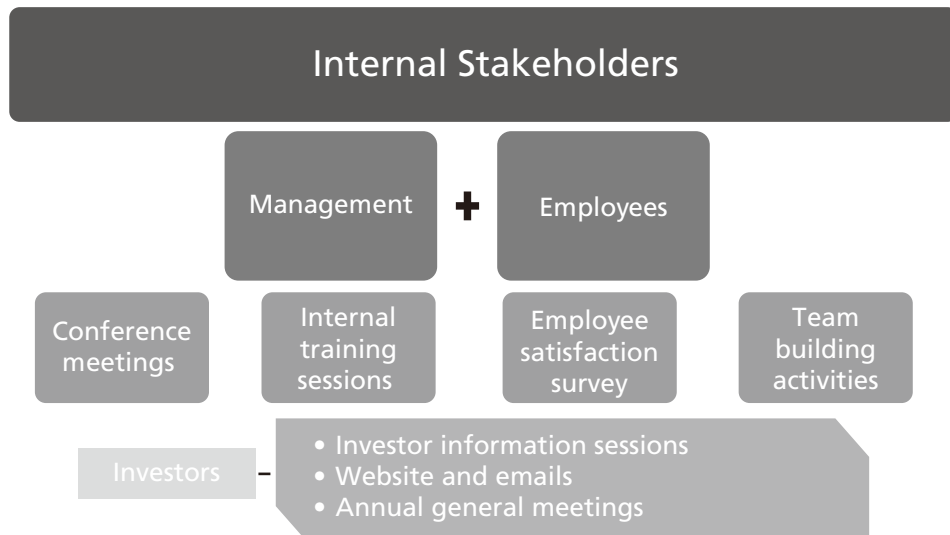
STAKEHOLDERS ENGAGEMENT

In order to identify material environmental, social and governance matters, we adopted a holistic approach in our stakeholder engagement, by including the perspectives of internal and external stakeholders as part of our assessment.

The Group has actively engaged with various stakeholder groups through different channels. We are constantly improving our communication channels to maintain long-term relationships with our stakeholders. We have covered primary stakeholders to improve the Group's relationships with suppliers, employees, shareholders, customers, oversight bodies and society at large, and to understand their environmental, social and governance concerns.

ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

During the Reporting Period, the Group has engaged with the following key stakeholder groups and identified their concerns on ESG issues through electronic questionnaires:



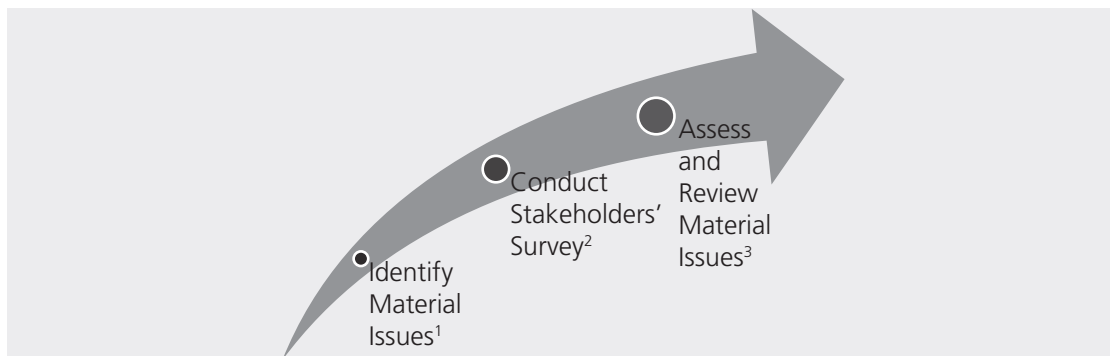
ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

MATERIALITY ASSESSMENT

During the Reporting Period, the Group conducted an annual review to determine the major concerns and interests of stakeholders on environmental, social and governance issues through stakeholder participation in assessment surveys. According to the impact and dependence of internal and external stakeholders on the Group, internal and external stakeholders (including management, employees, customers and suppliers) participated in the materiality assessment process conducted by the Group for this report.

Selected stakeholders were invited to participate in an electronic survey to comment on key ESG topics. The purpose of the survey is to determine the views of stakeholders on the Group's key ESG issues and to conduct an assessment of the Group. We have assessed and identified key environmental, social and governance topics for the Group and assessed the importance of these topics to the business and stakeholders to further drive our sustainable business strategy.

The following diagram shows the evaluation process:



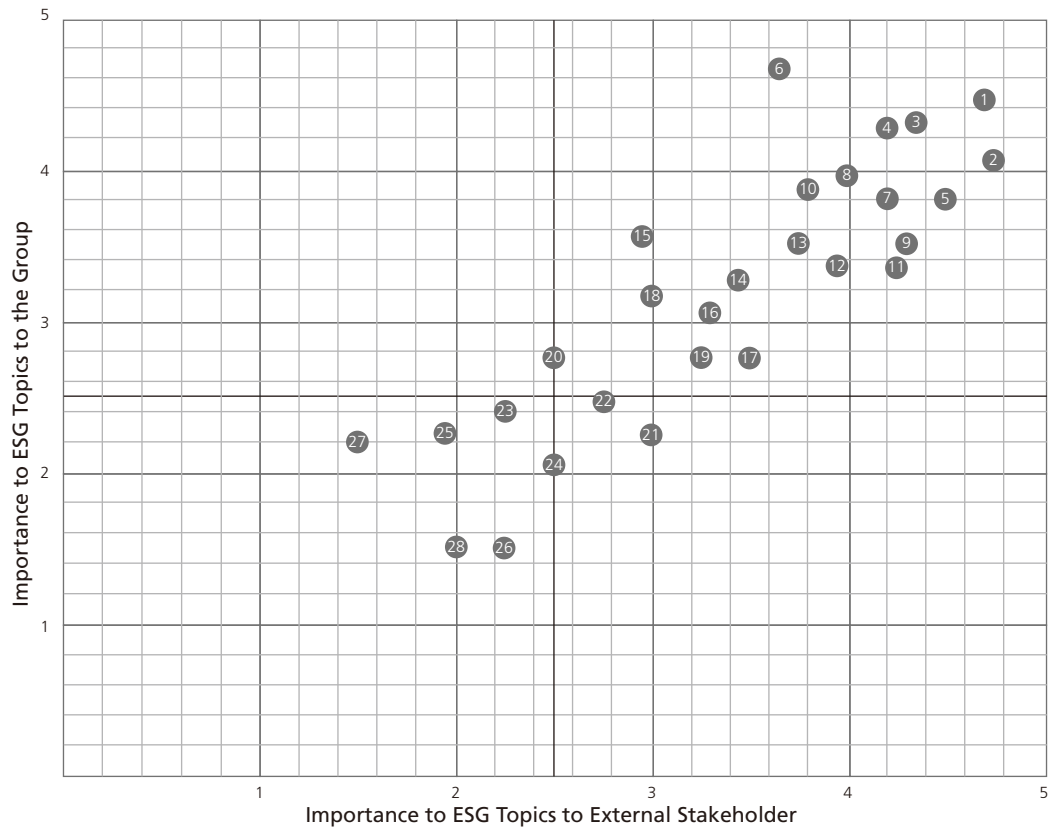
Notes:

1. A total of 28 ESG topics were identified and considered as relevant to the Group with reference to peer benchmarking results.
2. We invited internal and external stakeholders to assess the "importance to the Group" and "importance to the external stakeholders" of each issue through online questionnaires.
3. The management of the Group are responsible for reviewing and confirming assessment result, then reporting to the Board. Based on the assessment result, we identified 10 issues that are highly important to the Group, for details please see the table below.

ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

The result of the materiality assessment:

Materiality Assessment Matrix



ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

The ranking of the Group's material ESG issues are as follows:

Very Important		Important		Less Important	
1.	Occupational health and safety	11.	Preventing child and forced labour	21.	Greenhouse gas emissions
2.	Customer information and privacy	12.	Anti-corruption policies and whistle-blowing procedure	22.	Product health and safety
3.	Customer satisfaction	13.	Mitigation measures to protect environment and natural resources	23.	Non-hazardous waste production
4.	Employee remuneration, benefits and rights (e.g. working hours, rest periods and working conditions)	14.	Cultivation of local employment	24.	Air emissions
5.	Observing and protecting intellectual property rights	15.	Climate change	25.	Water use
6.	Diversity and equal opportunity of employees	16.	Product and service labelling	26.	Environmental risks (e.g. pollution) and social risks (e.g. monopoly) of the suppliers
7.	Employee development and training	17.	Community support (e.g. donation and volunteering)	27.	Use of materials (e.g. paper, packaging and raw materials)
8.	Anti-corruption training provided to directors and staff	18.	Marketing communications (e.g. advertisement)	28.	Hazardous waste production
9.	Selection and monitoring of suppliers	19.	Environmentally preferable products and services		
10.	Number of concluded legal cases regarding corrupt practices (e.g. bribery, extortion, fraud and money laundering)	20.	Energy use (e.g. electricity, gas and fuel)		

According to the above result, the topics (1) Occupational health and safety, (2) Customer information and privacy, (3) Customer satisfaction, (4) Employee remuneration, benefits and rights (e.g. working hours, rest periods, working conditions), (5) Observing and protecting intellectual property rights, (6) Diversity and equal opportunity of employees, (7) Employee development and training, (8) Anti-corruption training provided to directors and staff, (9) Selection and monitoring of suppliers, and (10) Number of concluded legal cases regarding corrupt practices, e.g. bribery, extortion, fraud and money laundering, are very important to the Group. The above topics are categorised as the main elements that drive the sustainable business development of the Group and we will further elaborate on them in the following sections.

ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

FEEDBACK CONTACT

The latest business updates are available to the public through our website (www.hmvod.com.hk). The Group welcomes all stakeholders' feedback regarding the ESG issues. Interested parties can contact the Group to share their suggestions and opinions through the channels listed below:

Mail: Unit 02, 11/F, Eastmark, 21 Sheung Yuet Road, Kowloon Bay, Kowloon, Hong Kong

Name: Angel Yu

Email: angelyu@anyplex.com

Phone: 2892 7549

Fax: 2898 8553

A. ENVIRONMENTAL

The Group adopts the best market practice on environmental management according to various international standards and provides frequent training to employees based on the latest regulatory standards. During the Reporting Period, the Group was not aware of any non-compliance cases related to environmental laws and regulations in Hong Kong.

A.1. Emissions

The Group has established the policies related to gas emissions and waste emissions during the Reporting Period, which are reviewed periodically by the Board of the Group and amended based on operational changes. The policies provide guidance on energy saving methods and other measures including but not limited to:

- Turn off the electric switch when the appliance is not applicable;
- Reduce paper usage through electronic technology; and
- Encourage double-sided printing and, where permitted, employees can reuse single-sided printing paper.

At the same time, the Group also strictly abides by the laws and regulations related to environmental protection in its region, which includes but not limited to:

- Waste Disposal Ordinance (Cap. 354);
- Air Pollution Control Ordinance (Chapter 311); and
- Water Pollution Control Regulations (Chapter 358).

ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

Exhaust emissions

The Group implements a strict management process for emissions generated during operations to meet relevant emission standards. We have collected, collated and analysed GHG emission data in accordance with ESG Reporting Guideline to monitor and control the emissions at source.

Due to the nature of our service business, we do not generate significant air emissions and hazardous waste. The Group also does not own and operate any transport fleets. Therefore, the Group concludes there were no significant air emissions.

The Group promotes a green office to reduce the negative impact on the environment, such as saving energy, reducing unnecessary waste, encouraging employees to use teleconferencing or online meetings and avoiding unnecessary travel.

The Group's greenhouse gas emissions ("GHG") are mainly indirect, resulting from the use of paper in the Group's workplace.

The electricity consumption of the office is included in the management fee paid to the property, thus the Group is unable to account for the electricity consumption during the Reporting Period. The Group considers the impact to be minor and should be treated as insignificant. In the future, the Group will continue to monitor and explore other ways to collect electricity consumption data.

For details of greenhouse gas emissions performance from the use of paper, please refer to the table below :

Emission category	KPIs	Unit	2022		2021	
			Emissions	Intensity/ employee/ month	Emissions	Intensity/ employee/ month
GHG emissions ⁴	Scope 3 ⁵	tCO ₂ e	0.24 ⁶	0.0032 ⁷	0.72	0.0025 ⁷
	Total	tCO₂e	0.24	0.0032	0.72	0.0025

Notes:

- Greenhouse gas emissions included emissions of carbon dioxide, methane, and nitrous oxide, where methane and nitrous oxide emissions were converted to carbon dioxide emissions based on global warming potential ("GWP"). Therefore, the total amount of greenhouse gas emissions is the total amount of carbon dioxide emissions equivalent.
- Scope 3 included the indirect greenhouse gas emissions of disposal of paper waste at landfill and business travel by employees.
- The Group had moved to a new office in August 2021, the paper usage at the new offices is included in the management fee, hence starting from August 2021, the data of paper usage is not available. The above statistics only includes the paper usage from April 2021 to July 2021.
- The intensity calculation method is to divide the greenhouse gas in the Reporting Period by the Group's total labour force of 25 (2021: 24) and the number of month with data of paper usage.
- The methodology adopted for reporting on greenhouse gas emissions set out above was based on "How to Prepare an ESG report? – Appendix 2: Reporting Guidance on Environmental KPIs" issued by the Stock Exchange.

ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

The total usage of paper from April 2021 to July 2021 is 50kg (Full year 2021: 150kg), and the total emissions of GHG are 0.24 tCO₂e. The intensity of GHG emissions is 0.0032 tCO₂e per employee per month (2021: 0.0025), which is relatively minimal. With regard to these issues, the Group considers the emission impact is not material based on the materiality assessment to the Group. The Group will continue to perform materiality assessment annually and enforce the relevant control.

Waste management

The Group strictly abides by the Waste Disposal Ordinance (Cap 354 of the Laws of Hong Kong), and other relevant regulations. The operations of the Group do not include any production of hazardous materials. Wastes disposed of in offices are mainly papers and domestic wastes, which are immaterial and non-hazardous.

During the Reporting Period, the Group has started to collect data regarding general office waste. The Group has generated a total of 0.37 tons of general office waste with an intensity of 0.01 tons per employee.

To reduce the generation of the non-hazardous waste, the Group has launched a number of waste management programs, which are updated from time to time as needed, including:

- using online versions of reports instead of printing it out; and
- encouraging duplex printing.

The Group will continue to perform materiality assessment annually and enforce the relevant control.

A.2. Use of Resources

As mentioned in the above section "A.1. Emissions", the Group has established policies related to the economical use of resources, which have been updated during the Reporting Period. Due to the nature of our business, the usage of water is limited to cleaning our offices and hydrating our employees, which is considered as insignificant.

The Group will continue to closely monitor the utilisation of resources and conduct regular assessment to seek better ways for contributing to environmental protection. Considering the nature of our business, the main resources consumed by the Group were electricity and water, and no packaging materials were used.

The payment for electricity and water is included in the management fee given to the properties, so the relevant consumption data is not available and the Group considers this item as immaterial and did not disclose it. The Group will continue to explore other ways to collect these data. Meanwhile, the Group did not have problems with shortage of water supply.

ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

The Group considers the impact of the use of electricity is minimal and immaterial mentioned above in section “A.1. Emissions”, and therefore the Group does not set targets. The Group has regularly assessed its materiality every year, and if the situation does not change significantly, the Group will maintain and control at a low level. To better manage the use of resources and improve resource utilisation, the Group has implemented key measures during the Reporting Period including but not limited to the following:

- Strictly control the use of electricity in office buildings by turning off the electrical equipment when not in use;
- Procure energy efficient electrical appliances; and
- Encourage employees to consciously develop the habit of saving water, turn off taps at will, and eliminate waste.

A.3. The Environment and Natural Resources

As a service-oriented corporation, our consumption of resources is limited to electricity and water, and the level of consumption of resources and greenhouse gas emissions is relatively low, so the impact of our business activities on the environment and natural resources is minimal. According to our materiality analysis matrix, we considered this to be an insignificant topic.

Nevertheless, the Group still remains mindful of our environmental footprint. The Group has been upholding the concept of green office and encourages our employees to save water and electricity in their daily office activities to improve the efficiency of resource usage. For more details, please refer to the section “A.1. Emissions” and “A.2. Use of Resources”.

During the Reporting Period, the Group has established policies related to the environment and natural resources, which is reviewed periodically by the Board. The policies include the following but not limited to:

- Reduce carbon footprint by setting and implementing long-term carbon reduction targets;
- Conserve natural resources, save energy, reduce and recycle waste aiming to reduce pollution and carbon emissions; and
- To raise the environmental awareness of employees, partners and contractors through regular training and education, and to distribute these environmental policies through internal and external communication channels.

ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

A.4. Climate Change

Nowadays, climate change has become a pressing issue around the globe. The Group is increasingly recognising the importance of identifying and assessing the significant risks associated with climate change and is committed to managing potential climate change risks that may affect the Group's business activities. The Group recognises that climate change is already affecting all aspects of our communities, stakeholders and business operations. While climate change creates new risks, it also creates new opportunities. During the Reporting Period, the Group has been closely identifying and monitoring potential physical risks and transition risks as follows:

Physical risks

- *Acute risks*

Acute physical risks refer to those that are event-driven, including increased severity of extreme weather events, such as super typhoons, floods, extreme temperature fluctuations. Under such extreme weather conditions, the Group's office premises, office operations and staff safety will be affected. During the Reporting Period, the Group regularly perform complete backups of system data to support the resumption of critical business operations.

- *Chronic risks*

Chronic physical risks refer to longer-term shifts in climate patterns (e.g. sustained higher temperatures) that may cause sea level rise or chronic heat waves. The Group's business operations are mainly conducted through online platforms, with employees located in an indoor environment, and the nature of the business is service-oriented and less exposed to this risk.

Transition risks

- *Policy and legal risks*

As the Group's environmental footprint is minimal, the potential government policy and legal risks have relatively little impact on the Group.

- *Technology risks*

The Group's business operations are conducted partially through an online platform and as of 31 March 2022, we have not experienced any significant system failures on our online platform. The Group reviewed the system regularly and make regular backups of system data to minimise the occurrence of system errors, maintain data stability and ensure that it is stakeholder friendly.

- *Market risks*

Consumer preferences have now shifted to renewable and sustainable energy. Clearly, customers are increasingly keen to choose companies that offer eco-friendly services. The Group has also taken this into consideration and has been conducting continuous market research to understand the new consumer needs and to make appropriate adjustments to its business model to prevent the loss of customers.

ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

- *Reputation risks*

The Group has incorporated environmental protection measures into its corporate business operations. The Group will closely monitor the carbon footprint of its business operations and further explore other ways to reduce our impact on the environment.

In order to reduce those risks, we have put in place emergency response procedures and safeguards to minimise loss of office equipment and facilities, business impact, and harm to employee safety. The relevant procedures and measures are as follows:

- Design appropriate workflows and measures to prevent or reduce the damage that climate change can cause to the Group and to capture the opportunities associated with climate change;
- Develop emergency management programs to respond to extreme weather events due to climate change;
- Employees are not required to work when typhoon signal no. 8 or above is hoisted and no salary is deducted during the period.
- Strengthen resilience and monitor the impact of climate change on business and the Group's carbon management goals and objectives;
- Communicate with stakeholders, including employees, suppliers, and local communities, about the impacts of climate change and the company's climate change strategy to help them become more resilient to climate change; and
- The Group will review this climate change policy in due course.

B. SOCIAL

B.1. Employment

The Group expects that all employees and contractors treat each other with respect. In the Group's policy, it has covered the issues in relation to compensation and dismissal, recruitment and promotion, working hours, rest period, equal opportunity, diversity anti-discrimination and other benefits and welfare, which complies with the requirements of Employment Ordinance (Chapter 57 of the Laws of Hong Kong), and other relevant laws and regulations.

The Group specifically prohibits discrimination on the basis of age, colour, disability, ethnicity, marital or family status, national origin, race, religion, gender, sexual orientation, or any other characteristic protected by law. These principles extend to all employment decisions, including but not limited to recruiting, training, promotion etc.

All employees are committed to maintain a professional and harassment-free working environment – a place where employees act with respect for one another and those with whom we do business. Behaviors such as unwelcome conduct and sexual harassment are strictly prohibited.

ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

The normal working hours of employees are Monday through Friday from 9:00 a.m. to 6:00 p.m. (totally 9 working hours) with one hour for lunch between 1:00 p.m. and 2:00 p.m.. In addition to all statutory holidays (including Sundays), employees are entitled to annual leaves, and other paid leaves such as maternity leave, paternity leave, compensation leave, wedding leave, and birthday leave in accordance with the Group's policy.

Staff are remunerated according to the job nature, market trends and individual performance. Apart from medical insurance and mandatory provident fund, discretionary bonuses are rewarded to employees based on individual performance.

As of 31 March 2022, the Group had 25 full-time employees (2021: 24) and no part-time employee (2021: 0).

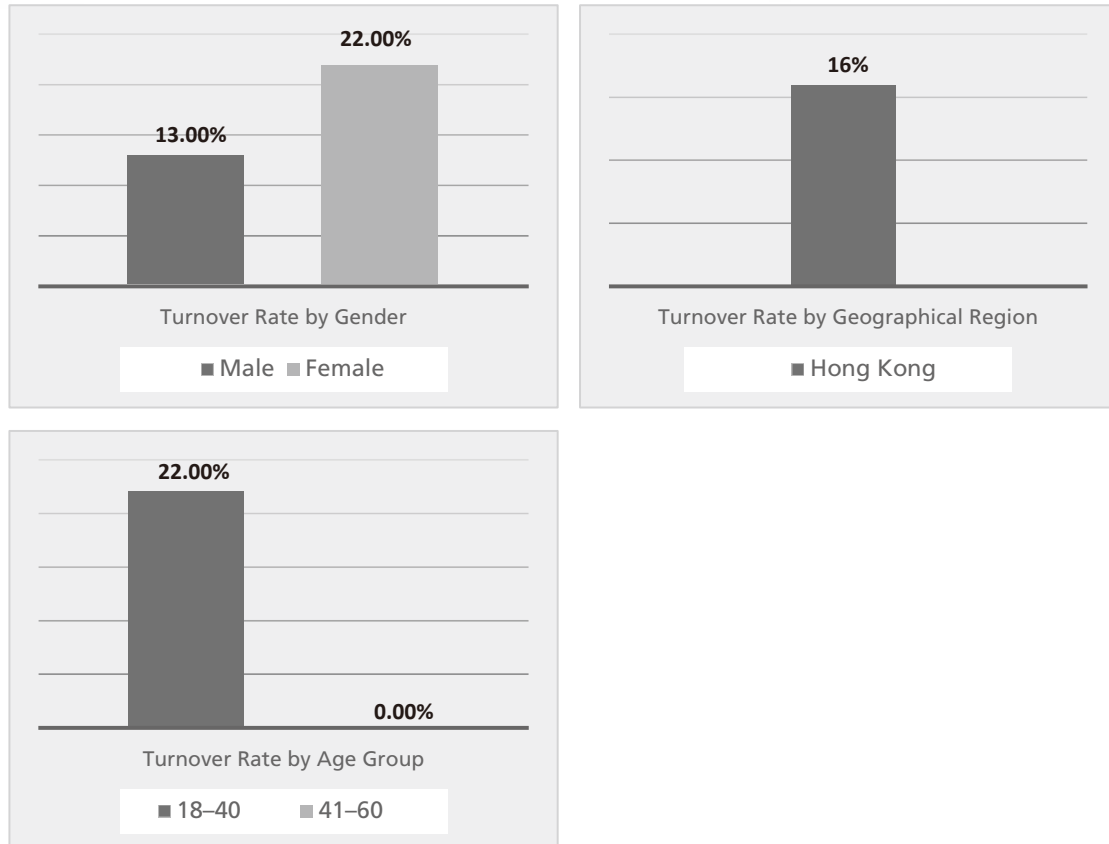
Total workforce by gender, employment type (for example, full-time or part-time), age group and geographical region are as follows:

Workforce by employment type, gender, age group and geographical region

Category	Total	Gender		Age Group		Geographical region
		Male	Female	18-40	41-60	Hong Kong
2022						
Full-time	25	16	9	18	7	25
2021						
Full-time	24	14	10	17	7	24

ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

During the Reporting Period, the Group's employee turnover rate by gender, age group and geographical region are calculated as follows:



B.2. Health and Safety

The Group is committed to provide a healthy and safe workplace for all employees. The Group's policy requires the administration department to perform regular inspection on the fire-fighting facilities and safety equipment to ensure that a safe and healthy working environment is provided for employees and to prevent fire accidents, thereby avoiding hazards to the safety of employees.

We strictly comply with the Occupational Safety and Health Ordinance (Chapter 509 of the Laws of Hong Kong) and its subsidiary regulations to protect our employees from occupational hazards. During the Reporting Period, there were no cases of non-compliance with the laws and regulations in respect of the provision of a safe working environment and the protection of employees from occupational hazards.

ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

In addition to the physical health of our employees, the mental health of our employees is equally important. We provide a work-life balance by hosting various events throughout the year and provide mental health counselling.

Given the outbreak of the Pandemic, the Group has taken the following measures to safeguard the employees in order to comply with social distancing measures:

- Provided face masks to employees;
- Provided hand sanitizers in offices;
- Increased the frequency of cleaning and sterilizing in the office environment;
- Encouraged employees to hold meetings online or by phone to minimise physical contact; and
- Adopted flexible working hours and working from home to reduce social contact.

Based on the Group’s emphasis on the health and safety of its employees, the Group has never lost working days due to working-related casualties, and there were no fatalities in the past three years:

Occupational health and safety statistics	2022	2021	2020
Number of lost days	Nil	Nil	Nil
Number of work-related fatalities	Nil	Nil	Nil
Number of work incidents	Nil	Nil	Nil

B.3. Development and Training

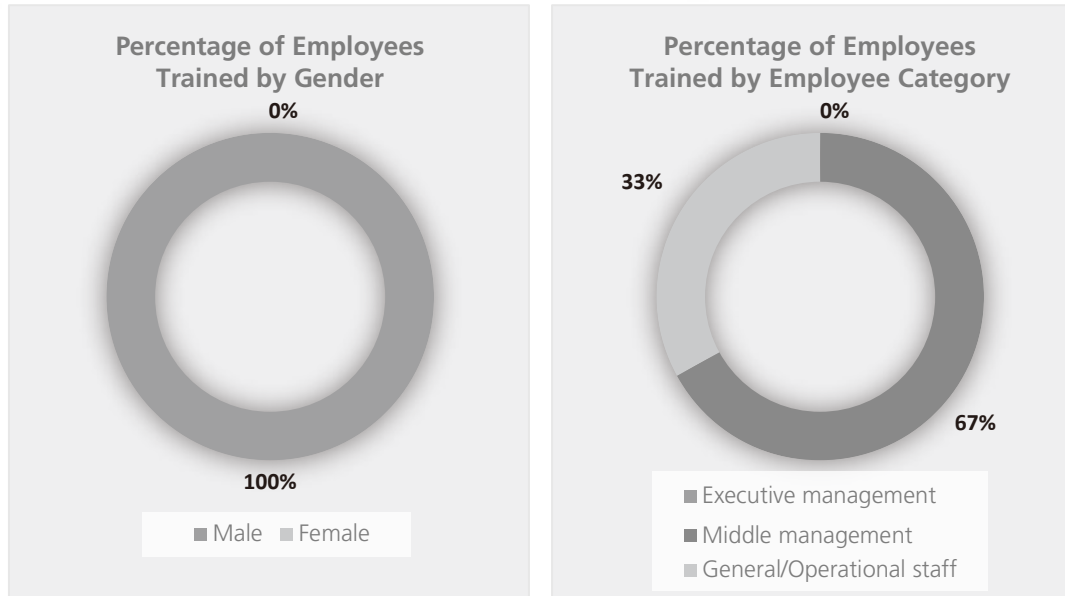
The Group attaches great importance to the training and development of its personnel. In the Group’s anti-corruption policy, a refresher training will be periodically arranged to ensure that all directors and staff members are aware of the Group’s zero-tolerance stance on bribery and corruption.

The Group provides diversified on-the-job training based on the needs of respective position, talents and interests of employees. The Group provides internal and external training for employees, including orientation training for new employees, specialised training for different departments, management training, etc. Moreover, the Group’s guidelines are established to assess the performance of employees so as to identify and implement development programs for employees.

The Group attaches great importance to the training and continuous development of its employees. During the Reporting Period, we arranged employee training on anti-corruption, and other professional training to meet the needs of our employees.

ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

During the Reporting Period, the percentage of employees trained in the Group was 12% and the total training hours of this year were 54 hours, for details please see the chart and table below:



The average training hours completed per employee by gender and employee category

Category	Unit	2022
Average training hours completed per employee by gender		
Male	Hours	3.38
Female	Hours	–
Average training hours completed per employee by employee category		
Executive management	Hours	–
Middle management	Hours	6.00
General/Operational staff	Hours	1.80

B.4. Labour Standards

Although the Group has not established a separate policy related to labor standards, the Group strictly implements labor standards in accordance with legal requirements and prohibits the use of forced and child labour. The Group complies with the Employment Ordinance (Chapter 57 of the Laws of Hong Kong), and other applicable employment laws and regulations to safeguard the rights of our employees and we do not tolerate labour exploitation.

During the recruitment process, the Group prevents hiring child labour by conducting identification check of job applicant. Without exception. Applicants who fail to meet the legal requirements would not be hired, once we find that there are employees who do not meet the requirements, we will deal with them in accordance with the law and investigate the case.

ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

There is full compliance towards relevant national and local regulations that prohibits child or forced labour. During the Reporting Period, the Group was not aware of any material non-compliance with laws and regulations regarding child labour and forced labour laws and regulations.

B.5. Supply Chain Management

The Group sub-contracted functions related to supply chain management to the service provider, hence management is not directly involved in the daily operational aspects. Although this is out-sourced, the Group will continue to assess service providers to ensure the quality meets the Group’s standards and expectations.

We have established supplier management policies and procedures to manage risks associated with our suppliers, including environmental and social risks in the supply chain, the implementation of which is the responsibility of the Group’s middle management and overseen by the Board.

During the Reporting Period, we reminded our service provider to give preference to those suppliers who are environmentally friendly to ensure that their business philosophy is in line with the Group. For details of the number of suppliers by region is set out below:

No. of suppliers by geographical region	2022	2021
Mainland China	3	3
Hong Kong	26	23
Taiwan	1	1
USA	3	3
Japan	1	1
Total	34	31

B.6. Product Responsibility

Due to the service nature of the Group’s business, the Group is not involved in production of products and there will not be any product recall due to health or safety reasons.

Data protection and privacy policies

As a service provider of OTT services in Hong Kong, the Group collects personal details of customers, therefore, ensuring the privacy of customer information is one the Group’s utmost priority.

ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

The Group has formulated a set of privacy principal in collection, retention, use, security, openness and accessibility of information to ensure all personal information received is only for its intended purpose and to prevent information leakage, such as:

- Access controls to all information;
- Requiring employees not to retain and disclose any confidential information about the Group's business and other sensitive, confidential data to any third party; and
- Only obtain necessary personal information from customers.

The Group has also stipulated in its employee handbook that:

- All information received by employees related to the Group's situation, procedures, orders, accounts, clients, etc. is to be considered confidential and is under no circumstances for discussion with, nor disclosure to, third parties; and
- Employees shall not remove any document file, note or correspondence from the Group's premises unless their responsibilities require it and such removal has been approved in advance by the department manager.

The Group is in strict compliance with the relevant legislation, and is not aware of any non-compliance with the Hong Kong Personal Data (Privacy) Ordinance. We have implemented a suite of policies and guidelines to protect our customers' data privacy and personal data. Our Privacy Policy Statement outlines our approach to the collection and retention of personal information in accordance with the regulatory requirements. It is our policy to provide individuals with a Personal Information Collection Statement informing them of the purpose of data collection, the rights to access and correct the data, and other relevant information. There were no incidents or substantiated complaints concerning breaches of customer privacy or losses of customer data during the Reporting Period.

Intellectual Property Rights

The Group respects the intellectual property rights of consumers and third parties, and manages the protection and confidentiality of consumers' and third parties' intellectual property in the form of contracts and internal measures. In addition to being contractually bound, the Group's internal controls set out the responsibilities of our employees, customers and other third parties in relation to the handling of our proprietary information in order to avoid infringements as far as possible. In addition, the Group also has a policy that sets out the procedures on how to protect our own intellectual property rights. The policy stipulates that the Group shall first negotiate with the third party to resolve the relevant matters, and if negotiation fails, we will take legal action to stop infringement by third parties.

ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

The Group complies with all intellectual property-related laws and regulations, including but not limited to the following:

- Trade Marks Ordinance, Cap. 559;
- the Copyright Ordinance, Cap. 528; and
- the Prevention of Copyright Piracy, Cap. 544.

During the year ended 31 March 2022, the Group is not aware of any infringement of any law and regulations relating to copy rights and intellectual properties.

Customer satisfaction

It is our policy that once a complaint is received by phone, email or letter, the employee must report it to management through the channels described in our policy. Management will investigate to determine the cause of the complaint and provide feedback to the responsible department, which is essential to maintain our services at a high quality.

In addition, we have provided a consultation platform on our website (www.hmvod.com.hk) for our clients to provide feedback for our services, and we evaluate the quality of our employees' services according to the satisfaction of our clients.

During the Reporting Period, the Group has not received any major complaints about our services.

B.7. Anti-corruption

In order to uphold the highest ethical standards, the Group has zero-tolerance attitude towards any form of corruption and bribery in the value chain and strictly abide by laws and regulations including but not limited to the "Prevention of Bribery Ordinance, Cap. 201".

The Group has formulated the comprehensive company regulations and employee code of conduct (the "Code of Conduct") as the standards of staff conduct. With the aim of preventing bribery, extortion and fraud, the Group's Code of Conduct clearly states that:

- Employees shall not accept gifts or other benefits that are beyond common business hospitality;
- Employees shall not offer bribes to any person or company for the purpose of obtaining or retaining business;
- Employees should always avoid any situation involving a conflict, or that could be perceived by others as a conflict, between their person interests, or those of their close relatives, and the performance of their official duties; and
- If a potential conflict exists, employees should make prompt and full disclosure to the management.

ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

In addition to the above precautionary measures, the Group established a channel for whistleblowing to facilitate the implementation of employee-wide monitoring of corruption matters. During the Reporting Period, the Group provided anti-corruption training on the prevention of corruption issued by ICAC, such as leaflets and presentation materials, to the employees to ensure that they remain vigilant on such matters.

To prevent and detect money laundering and terrorist financing, the Group follows the “Guideline on Compliance of Anti-Money Laundering and Counter-Terrorist Financing Requirements for Licensed Money Lenders”.

To maintain a high standard in our business integrity, the Group has no tolerance towards any corruption, fraud, money laundering, bribery and extortion and evaluates the policies from time to time. The Board has reviewed the effectiveness of implementation of such policies. The Group complied with relevant laws and regulations that have a significant impact on the Group relating to bribery, extortion, fraud and money laundering.

During the Reporting Period, there were no legal cases regarding corrupt practices brought against the Group or our employees.

B.8. Community Investment

For the continuous effort in giving back to the society, the Group would seek for opportunities to get involved in various community programs. The Group’s approach to community involvement is set out in its policy as follows:

- fulfils the corporate social responsibility (CSR) through the sustainable development strategy to expand its efforts in the areas of charity work;
- assesses how to give business activities to the interests of community; and
- commits to the provision of career opportunities to the locals and promotes the development of the community’s economy.

During the Reporting Period, environmental protection was the key focus of the year. The Group encourages employees to participate in various community events such as Earth Hour hosted by World Wildlife Fund. These activities are primarily online and in compliance with the relevant COVID-19 social distancing measures. Due to COVID-19, in-person and group-based CSR activities were not organised during the reporting period. The Group will closely monitor the development of COVID-19 and host other safe community engagement activities in the future.

ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

ESG REPORTING GUIDE CONTENT INDEX

Aspects, General disclosures and KPI

	Description	2022 ESG report
A. Environmental		
Aspect A1: Emissions		
General Disclosure	Information on: <ul style="list-style-type: none"> (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to air and greenhouse gas emissions, discharges into water and land, and generation of hazardous and non-hazardous waste.	This report – A. Environmental, page 40
KPI A1.1	The types of emissions and respective emissions data.	This report – A. Environmental, page 41
KPI A1.2	Direct (Scope 1) and energy indirect (Scope 2) greenhouse gas emissions (in tonnes) and, where appropriate, intensity.	This report – A. Environmental, page 41
KPI A1.3	Total hazardous waste produced (in tonnes) and, where appropriate, intensity.	Not applicable to the Group’s business.
KPI A1.4	Total non-hazardous waste produced (in tonnes) and, where appropriate, intensity.	This report – A. Environmental, page 42
KPI A1.5	Description of emissions target(s) set and steps taken to achieve them.	This report – A. Environmental, page 42
KPI A1.6	Description of how hazardous and non-hazardous wastes are handled, and a description of reduction target(s) set and steps taken to achieve them.	This report – A. Environmental, page 42
Aspect A2: Use of Resources		
General Disclosures	Policies on the efficient use of resources, including energy, water and other raw materials.	This report – A. Environmental, page 42
KPI A2.1	Direct and/or indirect energy consumption by type in total (kWh in ‘000s) and intensity.	This report – A. Environmental, page 42
KPI A2.2	Water consumption in total and intensity.	This report – A. Environmental, page 42
KPI A2.3	Description of energy use efficiency target(s) set and steps taken to achieve them.	This report – A. Environmental, page 42
KPI A2.4	Description of whether there is any issue in sourcing water that is fit for purpose, water efficiency target(s) set and steps taken to achieve them.	This report – A. Environmental, page 42
KPI A2.5	Total packaging material used for finished products (in tonnes) and, if applicable, with reference to per unit produced.	Not applicable to the Group’s business.

ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

Aspects, General disclosures and KPI

	Description	2022 ESG report
Aspect A3: The Environment and Natural Resources		
General Disclosure	Policies on minimising the issuer's significant impact on the environment and natural resources.	This report – A. Environmental, page 43
KPI A3.1	Description of the significant impacts of activities on the environment and natural resources and the actions taken to manage them.	This report – A. Environmental, page 43
Aspect A4: Climate Change		
General Disclosure	Policies on identification and mitigation of significant climate-related issues which have impacted, and those which may impact, the issuer.	This report – A. Environmental, pages 44-45
KPI A4.1	Description of the significant climate-related issues which have impacted, and those which may impact, the issuer, and the actions taken to manage them.	This report – A. Environmental, pages 44-45
B. Social		
Employment and Labour Practices		
Aspect B1: Employment		
General Disclosure	Information on: <ul style="list-style-type: none"> (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to compensation and dismissal, recruitment and promotion, working hours, rest periods, equal opportunity, diversity, anti-discrimination, and other benefits and welfare.	This report – B. Social, pages 45-46
KPI B1.1	Total workforce by gender, employment type (for example, full- or part-time), age group and geographical region.	This report – B. Social, page 46
KPI B1.2	Employee turnover rate by gender, age group and geographical region.	This report – B. Social, page 47
Aspect B2: Health and Safety		
General Disclosure	Information on: <ul style="list-style-type: none"> (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to providing a safe working environment and protecting employees from occupational hazards.	This report – B. Social, pages 47-48
KPI B2.1	Number and rate of work-related fatalities occurred in each of the past three years including the reporting year.	This report – B. Social, page 48
KPI B2.2	Lost days due to work injury.	This report – B. Social, page 48
KPI B2.3	Description of occupational health and safety measures adopted, and how they are implemented and monitored.	This report – B. Social, page 48

ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

Aspects, General disclosures and KPI

	Description	2022 ESG report
Aspect B3: Development and Training		
General Disclosure	Policies on improving employees' knowledge and skills for discharging duties at work. Description of training activities.	This report – B. Social, page 48
KPI B3.1	The percentage of employees trained by gender and employee category (e.g. senior management, middle management).	This report – B. Social, page 49
KPI B3.2	The average training hours completed per employee by gender and employee category.	This report – B. Social, page 49
Aspect B4: Labour Standards		
General Disclosure	Information on: <ul style="list-style-type: none"> (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to preventing child and forced labour.	This report – B. Social, pages 49-50
KPI B4.1	Description of measures to review employment practices to avoid child and forced labour.	This report – B. Social, pages 49-50
KPI B4.2	Description of steps taken to eliminate such practices when discovered.	This report – B. Social, pages 49-50
Operating Practices		
Aspect B5: Supply Chain Management		
General Disclosure	Policies on managing environmental and social risks of the supply chain.	This report – B. Social, page 50
KPI B5.1	Number of suppliers by geographical region.	This report – B. Social, page 50
KPI B5.2	Description of practices relating to engaging suppliers, number of suppliers where the practices are being implemented, and how they are implemented and monitored.	This report – B. Social, page 50
KPI B5.3	Description of practices used to identify environmental and social risks along the supply chain, and how they are implemented and monitored.	This report – B. Social, page 50
KPI B5.4	Description of practices used to promote environmentally preferable products and services when selecting suppliers, and how they are implemented and monitored.	This report – B. Social, page 50

ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

Aspects, General disclosures and KPI

	Description	2022 ESG report
Aspect B6: Product Responsibility		
General Disclosure	Information on: <ul style="list-style-type: none"> (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on <p>the issuer relating to health and safety, advertising, labelling and privacy matters relating to products and services provided and methods of redress.</p>	This report – B. Social, pages 50-52
KPI B6.1	Percentage of total products sold or shipped subject to recalls for safety and health reasons.	Not applicable to the Group's business.
KPI B6.2	Number of products and services related complaints received and how they are dealt with.	This report – B. Social, page 52
KPI B6.3	Description of practices relating to observing and protecting intellectual property rights.	This report – B. Social, pages 51-52
KPI B6.4	Description of quality assurance process and recall procedures.	Not applicable to the Group's business.
KPI B6.5	Description of consumer data protection and privacy policies, and how they are implemented and monitored.	This report – B. Social, pages 50-51
Aspect B7: Anti-Corruption		
General Disclosure	Information on: <ul style="list-style-type: none"> (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer <p>relating to bribery, extortion, fraud and money laundering.</p>	This report – B. Social, pages 52-53
KPI B7.1	Number of concluded legal cases regarding corrupt practices brought against the issuer or its employees during the reporting period and the outcomes of the cases.	This report – B. Social, page 53
KPI B7.2	Description of preventive measures and whistle-blowing procedures, and how they are implemented and monitored.	This report – B. Social, pages 52-53
KPI B7.3	Description of anti-corruption training provided to directors and staff.	This report – B. Social, page 53
Aspect B8: Community Investment		
General Disclosure	Policies on community engagement to understand the needs of the communities where the issuer operates and to ensure its activities take into consideration the communities' interests.	This report – B. Social, page 53
KPI B8.1	Focus areas of contribution.	This report – B. Social, page 53
KPI B8.2	Resources contributed to the focus area.	This report – B. Social, page 53

INDEPENDENT AUDITOR'S REPORT

For the year ended 31 March 2022



Independent auditor's report to the shareholders of hmvod Limited

(Incorporated in Cayman Islands with limited liability)

OPINION

We have audited the consolidated financial statements of hmvod Limited and its subsidiaries (together the "Group") set out on pages 63 to 125, which comprise the consolidated statement of financial position as at 31 March 2022, and the consolidated statement of profit or loss and other comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the year then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies.

In our opinion, the consolidated financial statements 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 consolidated cash flows for the year then ended in accordance with Hong Kong Financial Reporting Standards ("HKFRSs") issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA") and have been properly prepared in compliance with the disclosure requirements of the Hong Kong Companies Ordinance.

BASIS FOR OPINION

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

OTHER MATTER

The consolidated financial statements of the Group for the year ended 31 March 2021 were audited by another independent auditor whose report dated 30 June 2021 expressed a disclaimer of opinion on those consolidated financial statements because of inability to obtain sufficient audit evidence to assess the appropriateness and validity of the going concern assumption used in the preparation of the Group's consolidated financial statements for the year ended 31 March 2021.

MATERIAL UNCERTAINTY RELATED TO GOING CONCERN

We draw attention to note 2 to the consolidated financial statements, which indicates that the Group incurred a net loss of HK\$27,867,000 for the year ended 31 March 2022 and, as of that date, the Group's current liabilities exceeded its current assets by HK\$39,444,000 and total liabilities exceeded its total assets by HK\$62,750,000. These conditions, along with other matters as set out in note 2 to the consolidated financial statements, indicate that a material uncertainty exists that may cast significant doubt on the Group's ability to continue as a going concern. Our opinion is not modified in respect of this matter.

INDEPENDENT AUDITOR'S REPORT

For the year ended 31 March 2022

KEY AUDIT MATTERS

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the consolidated financial statements of the current period. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. In addition to the matter described in the "Material uncertainty related to going concern" section, we have determined the matter described below to be the key audit matter to be communicated in our report.

The Key Audit Matter

Impairment assessment of goodwill

Refer to note 16 of the consolidated financial statements

As at 31 March 2022, the Group's carrying value of goodwill was HK\$9,470,000. Management performed impairment assessment of goodwill on an annual basis.

When performing the impairment assessment, the recoverable amount of the cash-generating unit ("CGU") to which the goodwill was allocated was estimated by management using discounted cash flow forecast, and compared with the carrying amount of the CGU to determine if the goodwill was impaired. The discounted cash flow forecast used for the impairment assessment of goodwill involved significant assumptions including future revenue, future profit margin, long-term growth rate and discount rate.

We focused on the impairment assessment of goodwill because the carrying amount of goodwill as at 31 March 2022 was significant, and the estimation of recoverable amount of the CGU to which the goodwill was allocated was subject to high degree of estimation uncertainty. 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. Therefore, we identified impairment assessment of goodwill as a key audit matter.

How the matter was addressed in our audit

Our procedures included:

- evaluating the methodology adopted by management and whether the impairment assessment was prepared in a manner consistent with the requirements of the prevailing accounting standards;
- evaluating the key assumptions used in the discounted cash flow forecast prepared by management by benchmarking significant inputs such as the future revenue, future profit margin and long-term growth rate with the historical performance and other available market information;
- evaluating the discount rate used in the discounted cash flow forecast by benchmarking against other comparable companies in the market;
- performing sensitivity analysis of the significant inputs such as the future revenue, future profit margin, long-term growth rate and discount rate adopted in the discounted cash flow forecast and assessing the impact of changes in the key assumptions to the conclusion reached in the impairment assessment;
- testing the completeness, accuracy and relevancy of the underlying data used and the mathematical accuracy of the calculations in the forecast; and
- considering the Group's disclosures in the consolidated financial statements in respect of impairment testing of goodwill with reference to the requirements of the prevailing accounting standards.

INDEPENDENT AUDITOR'S REPORT

For the year ended 31 March 2022

OTHER INFORMATION

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

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

In connection with our audit of the consolidated financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

RESPONSIBILITIES OF DIRECTORS AND THOSE CHARGED WITH GOVERNANCE FOR THE CONSOLIDATED FINANCIAL STATEMENTS

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

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

Those charged with governance are responsible for overseeing the Group's financial reporting process.

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

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

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

INDEPENDENT AUDITOR'S REPORT

For the year ended 31 March 2022

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

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

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.
- Conclude on the appropriateness of the directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

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

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence and, where applicable, actions taken to eliminate threats or safeguards applied.

INDEPENDENT AUDITOR'S REPORT

For the year ended 31 March 2022

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

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

The engagement director on the audit resulting in this independent auditor's report is Tong Wai Hang.

Baker Tilly Hong Kong Limited

Certified Public Accountants

Hong Kong, 7 February 2023

Tong Wai Hang

Practising certificate number P06231

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the year ended 31 March 2022 (Expressed in Hong Kong dollars)

	<i>Notes</i>	2022 HK\$'000	2021 <i>HK\$'000</i>
Revenue	6	36,184	32,837
Other income and gains	7	1,393	18,560
Subcontractor costs		(23,106)	(22,537)
Operating and administrative expenses		(7,307)	(6,010)
Staff costs, including directors' emoluments		(7,816)	(6,777)
Amortisation of intangible assets		(6,887)	(6,887)
Depreciation of property, plant and equipment		(569)	(563)
Reversal of impairment loss under expected credit loss model, net		117	491
Impairment loss on goodwill	16	(6,279)	–
Provisions for litigation	25	(9,828)	–
Finance costs	8	(4,905)	(5,676)
Loss on settlement of bonds		–	(11,705)
Loss before income tax	9	(29,003)	(8,267)
Income tax credit	10	1,136	1,130
Loss for the year		(27,867)	(7,137)
Other comprehensive expense			
Item that may be reclassified subsequently to profit or loss:			
– Exchange differences arising on translation of foreign operations		(19)	(182)
Total comprehensive expense for the year		(27,886)	(7,319)
(Loss)/profit for the year attributable to:			
Owners of the Company		(28,144)	(8,599)
Non-controlling interests		277	1,462
		(27,867)	(7,137)
Total comprehensive (expense)/income for the year attributable to:			
Owners of the Company		(28,160)	(8,755)
Non-controlling interests		274	1,436
		(27,886)	(7,319)
Loss per share		2022 HK cents	2021 <i>HK cents</i>
Basic	14	(27.96)	(17.12)

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 31 March 2022 (Expressed in Hong Kong dollars)

	<i>Notes</i>	2022 HK\$'000	2021 <i>HK\$'000</i>
Non-current assets			
Property, plant and equipment	15	800	1,304
Goodwill	16	9,470	15,749
Intangible assets	17	1,723	8,610
		11,993	25,663
Current assets			
Trade and other receivables	18	6,052	6,010
Deposits and prepayments	19	4,869	1,832
Cash and cash equivalents	20	1,875	1,112
		12,796	8,954
Current liabilities			
Trade and other payables	21	27,214	23,721
Borrowings	22	14,247	12,981
Bonds	23	10,402	–
Tax liabilities		377	377
		52,240	37,079
Net current liabilities		(39,444)	(28,125)
Total assets less current liabilities		(27,451)	(2,462)
Capital and reserves			
Share capital	26	1,079	909
Reserves		(55,850)	(59,813)
Deficit attributable to owners of the Company		(54,771)	(58,904)
Non-controlling interests		(7,979)	(8,253)
Total deficit		(62,750)	(67,157)
Non-current liabilities			
Other payables	21	6,373	36,018
Borrowings	22	18,813	17,686
Bonds	23	–	9,570
Deferred tax liabilities	24	285	1,421
Provisions	25	9,828	–
		35,299	64,695
		(27,451)	(2,462)

The consolidated financial statements on pages 63 to 125 were approved and authorised by the board of directors on 7 February 2023 and are signed on its behalf by:

Ho Chi Na
Director

Wong Tsz Ki
Director

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the year ended 31 March 2022 (Expressed in Hong Kong dollars)

	Attributable to owners of the Company						Non-controlling interests	Total
	Share capital	Share premium	Capital reserve	Translation reserve	Accumulated losses	Subtotal		
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
At 1 April 2020	142	510,565	1,200	(470)	(634,152)	(122,715)	(9,689)	(132,404)
(Loss)/profit for the year	-	-	-	-	(8,599)	(8,599)	1,462	(7,137)
Other comprehensive expense for the year	-	-	-	(156)	-	(156)	(26)	(182)
Total comprehensive (expense)/income for the year	-	-	-	(156)	(8,599)	(8,755)	1,436	(7,319)
Issue of rights shares (note 26(b))	711	56,230	-	-	-	56,941	-	56,941
Issue of shares (note 26(c))	56	15,569	-	-	-	15,625	-	15,625
At 31 March 2021	909	582,364	1,200	(626)	(642,751)	(58,904)	(8,253)	(67,157)
At 1 April 2021	909	582,364	1,200	(626)	(642,751)	(58,904)	(8,253)	(67,157)
(Loss)/profit for the year	-	-	-	-	(28,144)	(28,144)	277	(27,867)
Other comprehensive expense for the year	-	-	-	(16)	-	(16)	(3)	(19)
Total comprehensive (expense)/income for the year	-	-	-	(16)	(28,144)	(28,160)	274	(27,886)
Issue of shares (note 26(d))	170	32,123	-	-	-	32,293	-	32,293
At 31 March 2022	1,079	614,487	1,200	(642)	(670,895)	(54,771)	(7,979)	(62,750)

CONSOLIDATED STATEMENT OF CASH FLOWS

For the year ended 31 March 2022 (Expressed in Hong Kong dollars)

	<i>Notes</i>	2022 HK\$'000	2021 <i>HK\$'000</i>
Operating activities			
Loss before income tax		(29,003)	(8,267)
Adjustments for:			
Depreciation of property, plant and equipment	9	569	563
Amortisation of intangible assets	9	6,887	6,887
Waiver of other payables	7	(194)	(9,621)
Write-back of other payables	7	(923)	–
Gain on disposal of subsidiaries	7	–	(8,525)
Finance costs	8	4,905	5,676
Write-off of property, plant and equipment	9	–	20
Loss on settlement of bonds		–	11,705
Reversal of impairment loss on trade receivables, net	9	(117)	(491)
Impairment loss on goodwill	16	6,279	–
Provisions for litigation	25	9,828	–
Operating cash flows before movements in working capital		(1,769)	(2,053)
Decrease/(increase) in trade and other receivables		75	(1,090)
Increase in deposits and prepayments		(3,037)	(679)
Decrease in trade and other payables		(25,035)	(8,538)
Cash used in operations		(29,766)	(12,360)
Income taxes paid		–	(9)
Net cash used in operating activities		(29,766)	(12,369)
Investing activities			
Purchases of property, plant and equipment		(65)	(361)
Net cash outflow on disposal of subsidiaries		–	(2)
Net cash used in investing activities		(65)	(363)
Financing activities			
New borrowings raised	34	5,000	12,000
Repayment of borrowings	34	(5,092)	(49,270)
Repayment of bonds	34	–	(5,880)
Interest paid		(1,588)	(1,290)
Proceeds from issue of shares by rights issue	26(b)	–	56,941
Proceeds from issue of shares	26(d)	32,293	–
Net cash generated from financing activities		30,613	12,501
Net increase/(decrease) in cash and cash equivalents		782	(231)
Cash and cash equivalents at beginning of year		1,112	1,525
Effect of foreign exchange rate changes		(19)	(182)
Cash and cash equivalents at end of year		1,875	1,112

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

(Expressed in Hong Kong dollars)

1 GENERAL INFORMATION

hmvod Limited (the “Company”) is a limited company incorporated in the Cayman Islands and its shares are listed on GEM of The Stock Exchange of Hong Kong Limited (the “Stock Exchange”). The Company has its registered office and principal place of business at Cricket Square Hutchins Drive, P.O. Box 2681, Grand Cayman KY1-1111, Cayman Islands and Unit 02, 11/F., Eastmark, 21 Sheung Yuet Road, Kowloon Bay, Kowloon, Hong Kong respectively.

The Company acts as an investment holding company. The Company and its subsidiaries (the “Group”) are principally engaged in the following activities:

- | | | |
|------|--|---|
| (i) | Provision of over-the-top (“OTT”) services | Distribution and production of films, television programmes and music production on OTT platforms |
| (ii) | Provision of professional services | Provision of information technology engineering and technical support services including financial valuation and IT service |

The consolidated financial statements are presented in Hong Kong dollars (“HK\$”), which is also the functional currency of the Company and all values are rounded to nearest thousands of Hong Kong dollars (“HK\$’000”) except when otherwise indicated.

2 BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS

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 GEM of the Stock Exchange (“GEM Listing Rules”) and by the Hong Kong Companies Ordinance.

The consolidated financial statements have been prepared on the historical cost basis at the end of each reporting period, as explained in the accounting policies set out below.

Historical cost is generally based on the fair value of the consideration given in exchange for goods and services.

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 “Share-based Payment”, leasing transactions that are accounted for in accordance with HKFRS 16 “Lease” and measurements that have some similarities to fair value but are not fair value, such as value in use in HKAS 36 “Impairment of Assets”.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

(Expressed in Hong Kong dollars)

2 BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS (Continued)

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:

- (i) Level 1 inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date;
- (ii) 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
- (iii) Level 3 inputs are unobservable inputs for the asset or liability.

Going concern assessment

The Group incurred a net loss of HK\$27,867,000 for the year ended 31 March 2022 and, as of that date, the Group's current liabilities exceeded its current assets by HK\$39,444,000 and total liabilities exceeded its total assets by HK\$62,750,000. The Group's borrowings and bonds amounted to HK\$43,462,000, out of which borrowings of HK\$14,247,000 and bonds of HK\$10,402,000 are due for repayment in the next twelve months from the date of approval of these consolidated financial statements. These conditions may cast a significant doubt about the ability of the Group to continue as a going concern.

In view of the above, the directors of the Company 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 fulfill 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 but not limited to the following:

- (i) Subsequent to the end of the reporting period, the Group successfully obtained new borrowings of HK\$39,365,000 from certain financial institutions in Hong Kong. Pursuant to loan agreements, those borrowings are unsecured, interest-bearing ranging from 10% to 24% per annum and repayable between July and December 2024.
- (ii) The Group has been actively negotiating with several financial institutions on the renewal of certain borrowings. Subsequent to the end of the reporting period and up to the date of these consolidated financial statements, the Group successfully extended the due date of certain borrowings of HK\$854,000 to December 2024.
- (iii) As disclosed in note 22, the Group has credit facilities granted by certain financial institutions and a non-controlling shareholder of a subsidiary. As at the approval date of the consolidated financial statements, the credit facilities available to the Group amounted to HK\$29,377,000.
- (iv) The Company is in negotiation with potential investors to raise additional funds through issue of new shares. Pursuant to a memorandum of understanding entered into between the Company and an independent third party (the "placing agent") on 3 February 2023, which is not legally binding on both parties thereto, the placing agent shall procure (a) investors to subscribe for listed or unlisted securities of the Company consisting of shares in the Company and/or bonds to be issued by the Company; and/or (b) lenders for the provision of unsecured loans to the Company, for such sum up to HK\$25,000,000. The directors of the Company expect that formal agreements will be entered into in the near future.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

(Expressed in Hong Kong dollars)

2 BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS (Continued)

Going concern assessment (Continued)

- (v) The Group continues to improve the operating efficiency by implementing measures to tighten cost controls, over various operating expenses in order to enhance its profitability and to improve the cash flow from its operation in future.

The directors of the Company consider that, after taking into account the aforementioned measures, the Group will have sufficient working capital to satisfy its present requirements for at least the next twelve months from the date of approval of these consolidated financial statements. Accordingly, the consolidated financial statements have been prepared on a going concern basis.

Notwithstanding the above, material uncertainty exists as to whether the Group is able to achieve its plans and measures as described above, which incorporate assumptions about future events and conditions that are subject to inherent uncertainties. Should the Group be unable to achieve the above plans and measures such that it would not be operate as a going concern, adjustments would have to be made to reduce the carrying values of the Group's assets to their recoverable amounts, to provide for financial liabilities which might arise, and to reclassify non-current assets and non-current liabilities as current assets and current liabilities, respectively. The effect of these adjustments has not been reflected in the consolidated financial statements.

3 APPLICATION OF NEW AND AMENDMENTS TO HONG KONG FINANCIAL REPORTING STANDARDS ("HKFRSs")

(a) Amendments to HKFRSs that are mandatorily effective for the current year

In the current year, the Group has applied the following amendments to HKFRSs issued by the HKICPA for the first time, which are mandatorily effective for the Group's annual period beginning on 1 April 2021 for the preparation of the consolidated financial statements:

Amendment to HKFRS 16	COVID-19-Related Rent Concessions
Amendment to HKFRS 16	COVID-19-Related Rent Concessions beyond 30 June 2021
Amendments to HKFRS 9, HKAS 39, HKFRS 7, HKFRS 4 and HKFRS 16	Interest Rate Benchmark Reform – Phase 2

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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

(Expressed in Hong Kong dollars)

3 APPLICATION OF NEW AND AMENDMENTS TO HONG KONG FINANCIAL REPORTING STANDARDS (“HKFRSs”) (Continued)

(b) New and amendments to HKFRSs in issue but not yet effective

The Group has not early applied the following new and amendments to HKFRSs that have been issued but are not yet effective:

HKFRS 17	Insurance Contracts and the related Amendments ²
Amendments to HKFRS 3	Reference to the Conceptual Framework ¹
Amendments to HKFRS 10 and HKAS 28	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture ⁴
Amendments to HKFRS 16	Lease Liability in a Sale and Leaseback ³
Amendments to HKAS 1	Classification of Liabilities as Current or Non-current and related amendments to Hong Kong Interpretation 5 (2020) ²
Amendments to HKAS 1 and HKFRS Practice Statement 2	Disclosure of Accounting Policies ²
Amendments to HKAS 8	Definition of Accounting Estimates ²
Amendments to HKAS 12	Deferred Tax relating to Assets and Liabilities arising from a Single Transaction ²
Amendments to HKAS 16	Property, Plant and Equipment – Proceeds before Intend Use ¹
Amendments to HKAS 37	Onerous Contracts – Cost of Fulfilling a Contract ¹
Amendments to HKFRSs	Annual Improvements to HKFRSs 2018–2020 Cycle ¹

¹ Effective for annual periods beginning on or after 1 January 2022.

² Effective for annual periods beginning on or after 1 January 2023.

³ Effective for annual periods beginning on or after 1 January 2024.

⁴ Effective for annual periods beginning on or after a date to be determined.

The directors of the Company anticipate that the application of these new and amendments to HKFRSs will have no material impact on the consolidated financial statements in the foreseeable future.

4 SIGNIFICANT ACCOUNTING POLICIES

(a) Basis of consolidation

The consolidated financial statements incorporate the financial statements of the Company and entities controlled by the Company and its subsidiaries. Control is achieved when the Company:

- (i) has power over the investee;
- (ii) is exposed, or has rights, to variable returns from its involvement with the investee; and
- (iii) has the ability to use its power to affect its returns.

The Group reassesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control listed above.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

(Expressed in Hong Kong dollars)

4 SIGNIFICANT ACCOUNTING POLICIES (Continued)

(a) Basis of consolidation (Continued)

Consolidation of a subsidiary begins when the Group obtains control over the subsidiary and ceases when the Group loses control of the subsidiary. Specifically, income and expenses of a subsidiary acquired or disposed of during the year are included in the consolidated statement of profit or loss and other comprehensive income from the date the Group gains control until the date when the Group ceases to control the subsidiary.

Profit or loss and each item of other comprehensive income are attributed to the owners of the Company and to the non-controlling interests. Total comprehensive income of subsidiaries is attributed to the owners of the Company and to the non-controlling interests even if this results in the non-controlling interests having a deficit balance.

When necessary, adjustments are made to the financial statements of subsidiaries to bring their accounting policies in line with the Group's accounting policies.

All intragroup assets and liabilities, equity, income, expenses and cash flows relating to transactions between members of the Group are eliminated in full on consolidation.

Non-controlling interests in subsidiaries are presented separately from the Group's equity therein, which represent present ownership interests entitling their holders to a proportionate share of net assets of the relevant subsidiaries upon liquidation.

(b) Goodwill

Goodwill arising on an acquisition of a business is carried at cost as established at the date of acquisition of the business less accumulated impairment losses, if any.

For the purposes of impairment testing, goodwill is allocated to each of the Group's cash-generating units represent the lowest level at which the goodwill is monitored for internal management purposes and not larger than an operating segment.

A cash-generating unit (or group of cash-generating units) to which goodwill has been allocated is tested for impairment annually or more frequently when there is indication that the unit may be impaired. For goodwill arising on an acquisition in a reporting period, the cash-generating unit (or group of cash-generating units) to which goodwill has been allocated is tested for impairment before the end of that reporting period. If the recoverable amount of any goodwill and then to the other assets on a pro-rata basis based on the carrying amount of each asset in the unit (or group of cash-generating units).

On disposal of the relevant cash-generating unit or any of the cash-generating unit within the group of cash-generating units, the attributable amount of goodwill is included in the determination of the amount of profit or loss on disposal. When the Group disposes of an operation within the cash-generating unit (or a cash-generating unit within a group of cash-generating units), the amount of goodwill disposed of is measured on the basis of the relative values of the operation (or the cash-generating unit) disposed of and the portion of the cash-generating unit (or the group of cash-generating units) retained.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

(Expressed in Hong Kong dollars)

4 SIGNIFICANT ACCOUNTING POLICIES (Continued)

(c) Revenue from contracts with customers

The Group recognises revenue when (or as) a performance obligation is satisfied, i.e. when “control” of the goods or services underlying the particular performance obligation is transferred to the customer.

A performance obligation represents a good or service (or a bundle of goods or services) that is distinct or a series of distinct goods or services that are substantially the same.

Control is transferred over time and revenue is recognised over time by reference to the progress towards complete satisfaction of the relevant performance obligation if one of the following criteria is met:

- (i) the customer simultaneously receives and consumes the benefits provided by the Group’s performance as the Group performs;
- (ii) the Group’s performance creates or enhances an asset that the customer controls as the Group performs; or
- (iii) the Group’s performance does not create an asset with an alternative use to the Group and the Group has an enforceable right to payment for performance completed to date.

Otherwise, revenue is recognised at a point in time when the customer obtains control of the distinct good or service.

A contract liability represents the Group’s obligation to transfer goods or services to a customer for which the Group has received consideration (or an amount of consideration is due) from the customer.

(d) Leases

Definition of a lease

A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

For contracts entered into or modified on or after the date of initial application of HKFRS 16 “Leases” or arising from business combinations, the Group assesses whether a contract is or contains a lease based on the definition under HKFRS 16 at inception, modification date or acquisition date, as appropriate. Such contract will not be reassessed unless the terms and conditions of the contract are subsequently changed.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

(Expressed in Hong Kong dollars)

4 SIGNIFICANT ACCOUNTING POLICIES (Continued)

(d) Leases (Continued)

The Group as a lessee

Allocation of consideration to components of a contract

For a contract that contains a lease component and one or more additional lease or non-lease components, the Group allocates the consideration in the contract to each lease component on the basis of the relative stand-alone price of the lease component and the aggregate stand-alone price of the non-lease components.

Non-lease components are separated from lease component and are accounted for by applying other applicable standards.

Short-term leases and leases of low-value assets

The Group applies the short-term lease recognition exemption to leases that have a lease term of 12 months or less from the commencement date and do not contain a purchase option. It also applies the recognition exemption for lease of low-value assets. Lease payments on short-term leases and leases of low-value assets are recognised as expense on a straight-line basis or another systematic basis over the lease term.

Right-of-use assets

The cost of right-of-use asset includes:

- (i) the amount of the initial measurement of the lease liability;
- (ii) any lease payments made at or before the commencement date, less any lease incentives received;
- (iii) any initial direct costs incurred by the Group; and
- (iv) an estimate of costs to be incurred by the Group in dismantling and removing the underlying assets, restoring the site on which it is located or restoring the underlying asset to the condition required by the terms and conditions of the lease.

Right-of-use assets are measured at cost, less any accumulated depreciation and impairment losses, and adjusted for any remeasurement of lease liabilities.

Right-of-use assets in which the Group is reasonably certain to obtain ownership of the underlying leased assets at the end of the lease term are depreciated from commencement date to the end of the useful life. Otherwise, right-of-use assets are depreciated on a straight-line basis over the shorter of its estimated useful life and the lease term.

The Group presents right-of-use assets as a separate line item on the consolidated statement of financial position.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

(Expressed in Hong Kong dollars)

4 SIGNIFICANT ACCOUNTING POLICIES (Continued)

(d) Leases (Continued)

The Group as a lessee (Continued)

Refundable rental deposits

Refundable rental deposits paid are accounted under HKFRS 9 “Financial Instruments” and initially measured at fair value. Adjustments to fair value at initial recognition are considered as additional lease payments and included in the cost of right-of-use assets.

Lease liabilities

At the commencement date of a lease, the Group recognises and measures the lease liability at the present value of lease payments that are unpaid at that date. In calculating the present value of lease payments, the Group uses the incremental borrowing rate at the lease commencement date if the interest rate implicit in the lease is not readily determinable.

The lease payments include:

- (i) fixed payments (including in-substance fixed payments) less any lease incentives receivable;
- (ii) variable lease payments that depend on an index or a rate, initially measured using the index or rate as at the commencement date;
- (iii) amounts expected to be payable by the Group under residual value guarantees;
- (iv) the exercise price of a purchase option if the Group is reasonably certain to exercise the option; and
- (v) payments of penalties for terminating a lease, if the lease term reflects the Group exercising an option to terminate the lease.

After the commencement date, lease liabilities are adjusted by interest accretion and lease payments.

The Group remeasures lease liabilities (and makes a corresponding adjustment to the related right-of-use assets) whenever:

- (i) the lease term has changed or there is a change in the assessment of exercise of a purchase option, in which case the related lease liability is remeasured by discounting the revised lease payments using a revised discount rate at the date of reassessment.
- (ii) the lease payments change due to changes in market rental rates following a market rent review/expected payment under a guaranteed residual value, in which cases the related lease liability is remeasured by discounting the revised lease payments using the initial discount rate.

The Group presents lease liabilities as a separate line item on the consolidated statement of financial position.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

(Expressed in Hong Kong dollars)

4 SIGNIFICANT ACCOUNTING POLICIES (Continued)

(d) Leases (Continued)

The Group as a lessee (Continued)

Lease modifications

The Group accounts for a lease modification as a separate lease if:

- (i) the modification increases the scope of the lease by adding the right to use one or more underlying assets; and
- (ii) the consideration for the leases increases by an amount commensurate with the stand-alone price for the increase in scope and any appropriate adjustments to that stand-alone price to reflect the circumstances of the particular contract.

For a lease modification that is not accounted for as a separate lease, the Group remeasures the lease liability, less any lease incentives receivable, based on the lease term of the modified lease by discounting the revised lease payments using a revised discount rate at the effective date of the modification.

The Group accounts for the remeasurement of lease liabilities by making corresponding adjustments to the relevant right-of-use asset.

When the modified contract contains a lease component and one or more additional lease or non-lease components, the Group allocates the consideration in the modified contract to each lease component on the basis of the relative stand-alone price of the lease component and the aggregate stand-alone price of the non-lease components.

Changes in the basis for determining the future lease payments as a result of interest rate benchmark reform

For changes in the basis for determining the future lease payments as a result of interest rate benchmark reform, the Group applies the practical expedient to remeasure the lease liabilities by discounting the revised lease payments using the unchanged discount rate and makes a corresponding adjustment to the related right-of-use assets. A lease modification is required by interest rate benchmark reform if, and only if, both of these conditions are met:

- (i) the modification is necessary as a direct consequence of interest rate benchmark reform; and
- (ii) the new basis for determining the lease payments is economically equivalent to the previous basis (i.e. the basis immediately preceding the modification).

If lease modifications are made in addition to those lease modifications required by interest rate benchmark reform, the Group applies the applicable requirements in HKFRS 16 (see the accounting policy above) to account for all lease modifications made at the same time, including those required by interest rate benchmark reform.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

(Expressed in Hong Kong dollars)

4 SIGNIFICANT ACCOUNTING POLICIES (Continued)

(d) Leases (Continued)

The Group as a lessee (Continued)

COVID-19-Related Rent Concessions

In relation to rent concessions that occurred as a direct consequence of the COVID-19 pandemic, the Group has elected to apply the practical expedient not to assess whether the change is a lease modification if all of the following conditions are met:

- (i) the change in lease payments results in revised consideration for the lease that is substantially the same as, or less than, the consideration for the lease immediately preceding the change;
- (ii) any reduction in lease payments affects only payments originally due on or before 30 June 2022; and
- (iii) there is no substantive change to other terms and conditions of the lease.

A lessee applying the practical expedient accounts for changes in lease payments resulting from rent concessions the same way it would account for the changes applying HKFRS 16 if the changes are not a lease modification. Forgiveness or waiver of lease payments are accounted for as variable lease payments. The related lease liabilities are adjusted to reflect the amounts forgiven or waived with a corresponding adjustment recognised in the profit or loss in the period in which the event occurs.

(e) Foreign currencies

In preparing the financial statements of each individual group entity, transactions in currencies other than the functional currency of that entity (foreign currencies) are recognised at the rates of exchanges prevailing on the dates of the transactions. At the end of the reporting period, monetary items denominated in foreign currencies are retranslated at the rates prevailing at that date. Non-monetary items carried at fair value that are denominated in foreign currencies are retranslated at the rates prevailing on the date when the fair value was determined. Non-monetary items that are measured in terms of historical cost in a foreign currency are not retranslated.

Exchange differences arising on the settlement of monetary items, and on the retranslation of monetary items, are recognised in profit or loss in the period in which they arise.

For the purposes of presenting the consolidated financial statements, the assets and liabilities of the Group's operations are translated into the presentation currency of the Group (i.e. HK\$) using exchange rates prevailing at the end of each reporting period. Income and expenses items are translated at the average exchange rates for the period, unless exchange rates fluctuate significantly during that period, in which case the exchange rates at the date of transactions are used. Exchange differences arising, if any, are recognised in other comprehensive income and accumulated in equity under the heading of translation reserve.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

(Expressed in Hong Kong dollars)

4 SIGNIFICANT ACCOUNTING POLICIES (Continued)

(f) Borrowing costs

Borrowing costs directly attributable to the acquisition, construction or production of qualifying assets, which are assets that necessarily take a substantial period of time to get ready for their intended use or sale, are added to the cost of those assets until such time as the assets are substantially ready for their intended use or sale.

Any specific borrowing that remain outstanding after the related asset is ready for its intended use or sale is included in the general borrowing pool for calculation of capitalisation rate on general borrowings. Investment income earned on the temporary investment of specific borrowings pending their expenditure on qualifying assets is deducted from the borrowing costs eligible for capitalisation.

All other borrowing costs are recognised in profit or loss in the period in which they are incurred.

(g) Government grants

Government grants are not recognised until there is reasonable assurance that the Group will comply with the conditions attaching to them and that the grants will be received.

Government grants are recognised in profit or loss on a systematic basis over the periods in which the Group recognises as expenses the related costs for which the grants are intended to compensate.

Government grants related to income that are receivable as compensation for expenses or losses already incurred or for the purpose of giving immediate financial support to the Group with no future related costs are recognised in profit or loss in the period in which they become receivable. Such grants are presented under "other income and gains".

(h) Employee benefits

Pension schemes

Payments to defined contribution retirement benefit plans, government-managed retirement benefit schemes and the Mandatory Provident Fund Scheme ("MPF Scheme") are recognised as an expense when employees have rendered services entitling them to the contributions.

Short-term and other long-term employee benefits

Short-term employee benefits are recognised at the undiscounted amount of the benefits expected to be paid as and when employees rendered the services. All short-term employee benefits are recognised as an expense unless another HKFRS requires or permits the inclusion of the benefit in the cost of an asset.

A liability is recognised for benefits accruing to employees (such as wages and salaries, annual leave and sick leave) after deducting any amount already paid.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

(Expressed in Hong Kong dollars)

4 SIGNIFICANT ACCOUNTING POLICIES (Continued)

(i) Taxation

Income tax expense represents the sum of the tax currently payable and deferred tax.

The tax currently payable is based on taxable profit for the year. Taxable profit differs from profit/loss before income tax because of income or expense that are taxable or deductible in other years and items that are never taxable or deductible. The Group's liability for current tax is calculated using tax rates that have been enacted or substantively enacted by the end of the reporting period.

Deferred tax is recognised on temporary differences between the carrying amounts of assets and liabilities in the consolidated financial statements and the corresponding tax bases used in the computation of taxable profit. Deferred tax liabilities are generally recognised for all taxable temporary differences. Deferred tax assets are generally recognised for all deductible temporary differences to the extent that it is probable that taxable profits will be available against which those deductible temporary differences can be utilised. Such deferred tax assets and liabilities are not recognised if the temporary difference arises from the initial recognition of assets and liabilities in a transaction that affects neither the taxable profit nor the accounting profit. In addition, deferred tax liabilities are not recognised if the temporary difference arises from the initial recognition of goodwill.

Deferred tax liabilities are recognised for taxable temporary differences associated with investments in subsidiaries, except where the Group is able to control the reversal of the temporary difference and it is probable that the temporary difference will not reverse in the foreseeable future. Deferred tax assets arising from deductible temporary differences associated with such investments are only recognised to the extent that it is probable that there will be sufficient taxable profits against which to utilise the benefits of the temporary differences and they are expected to reverse in the foreseeable future.

The carrying amount of deferred tax assets is reviewed at the end of each reporting period and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the period in which the liability is settled or the asset is realised, based on tax rate (and tax laws) that have been enacted or substantively enacted by the end of the reporting period.

The measurement of deferred tax liabilities and assets reflects the tax consequences that would follow from the manner in which the Group expects, at the end of the reporting period, to recover or settle the carrying amount of its assets and liabilities.

For the purposes of measuring deferred tax for leasing transactions in which the Group recognises the right-of-use assets and the related lease liabilities, the Group first determines whether the tax deductions are attributable to the right-of-use assets or the lease liabilities.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

(Expressed in Hong Kong dollars)

4 SIGNIFICANT ACCOUNTING POLICIES (Continued)

(i) Taxation (Continued)

For leasing transactions in which the tax deductions are attributable to the lease liabilities, the Group applies HKAS 12 "Income Taxes" requirements to right-of-use assets and lease liabilities separately. Temporary differences on initial recognition of the relevant right-of-use assets and lease liabilities are not recognised due to application of the initial recognition exemption. Temporary differences arising from subsequent revision to the carrying amounts of right-of-use assets and lease liabilities, resulting from remeasurement of lease liabilities and lease modifications, that are not subject to initial recognition exemption are recognised on the date of remeasurement or modification.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to set off current tax assets against current tax liabilities and when they relate to income taxes levied to the same taxable entity by the same tax authority.

Current and deferred tax are recognised in profit or loss, except when they relate to items that are recognised in other comprehensive income or directly in equity, in which case, the current and deferred tax are also recognised in other comprehensive income or directly in equity respectively.

(j) Property, plant and equipment

Property, plant and equipment are tangible assets that are held for use in the production or supply of goods or services, or for administrative purposes. Property, plant and equipment are stated in the consolidated statement of financial position at cost less subsequent accumulated depreciation and subsequent accumulated impairment losses, if any.

Depreciation is recognised so as to write off the cost of assets less their residual values over their estimated useful lives, using the straight-line method. The estimated useful lives, residual values and depreciation method are reviewed at the end of each reporting period, with the effect of any changes in estimate accounted for on a prospective basis.

An item of property, plant and equipment is derecognised upon disposal or when no future economic benefits are expected to arise from the continued use of the asset. Any gain or loss arising on the disposal or retirement of an item of property, plant and equipment is determined as the difference between the sales proceeds and the carrying amount of the asset and is recognised in profit or loss.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

(Expressed in Hong Kong dollars)

4 SIGNIFICANT ACCOUNTING POLICIES (Continued)

(k) Intangible assets acquired in a business combination

Intangible assets acquired in a business combination are recognised separately from goodwill and are initially recognised at their fair value at the acquisition date (which is regarded as their cost).

Subsequent to initial recognition, intangible assets acquired in a business combination with finite useful lives are reported at costs less accumulated amortisation and any accumulated impairment losses, on the same basis as intangible assets that are acquired separately. Intangible assets acquired in a business combination with indefinite useful lives are carried at cost less any subsequent accumulated impairment losses.

An intangible asset is derecognised on disposal, or when no future economic benefits are expected from use or disposal. Gains and losses arising from derecognition of an intangible asset, measured as the difference between the net disposal proceeds and the carrying amount of the asset, are recognised in profit or loss when the asset is derecognised.

(l) Impairment on non-current assets (other than goodwill)

At the end of the reporting period, the Group reviews the carrying amounts of its property, plant and equipment and intangible assets with finite useful lives to determine whether there is any indication that these assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the relevant asset is estimated in order to determine the extent of the impairment loss, if any.

The recoverable amount of property, plant and equipment and intangible assets are estimated individually. When it is not possible to estimate the recoverable amount individually, the Group estimates the recoverable amount of the cash-generating unit to which the asset belongs.

In testing a cash-generating unit for impairment, corporate assets are allocated to the relevant cash-generating unit when a reasonable and consistent basis of allocation can be established, or otherwise they are allocated to the smallest group of cash-generating units for which a reasonable and consistent allocation basis can be established. The recoverable amount is determined for the cash-generating unit or group of cash-generating units to which the corporate asset belongs, and is compared with the carrying amount of the relevant cash-generating unit or group of cash-generating units.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

(Expressed in Hong Kong dollars)

4 SIGNIFICANT ACCOUNTING POLICIES (Continued)

(l) Impairment on non-current assets (other than goodwill) (Continued)

Recoverable amount is the higher of fair value less costs of disposal and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset (or a cash-generating unit) for which the estimates of future cash flows have not been adjusted.

If the recoverable amount of an asset (or a cash-generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (or a cash-generating unit) is reduced to its recoverable amount. For corporate assets or portion of corporate assets which cannot be allocated on a reasonable and consistent basis to a cash-generating unit, the Group compares the carrying amount of a group of cash-generating units, including the carrying amounts of the corporate assets or portion of corporate assets allocated to that group of cash-generating units, with the recoverable amount of the group of cash-generating units. In allocating the impairment loss, the impairment loss is allocated first to reduce the carrying amount of any goodwill (if applicable) and then to the other assets on a pro-rata basis based on the carrying amount of each asset in the unit or the group of cash-generating units. The carrying amount of an asset is not reduced below the highest of its fair value less costs of disposal (if measurable), its value in use (if determinable) and zero. The amount of the impairment loss that would otherwise have been allocated to the asset is allocated pro rata to the other assets of the unit or the group of cash-generating units. An impairment loss is recognised immediately in profit or loss.

Where an impairment loss subsequently reverses, the carrying amount of the asset (or cash-generating unit) is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset (or a cash-generating unit) in prior years. A reversal of an impairment loss is recognised immediately in profit or loss.

(m) Provisions

Provisions are recognised when the Group has a present obligation (legal or constructive) as a result of a past event, it is probable that the Group will be required to settle that obligation, and a reliable estimate can be made of the amount of the obligation.

The amount recognised as a provision is the best estimate of the consideration required to settle the present obligation at the end of the reporting period, taking into account the risks and uncertainties surrounding the obligation. When a provision is measured using the cash flows estimated to settle the present obligation, its carrying amount is the present value of those cash flows (where the effect of the time value of money is material).

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

(Expressed in Hong Kong dollars)

4 SIGNIFICANT ACCOUNTING POLICIES (Continued)

(n) Contingent liabilities

A contingent liability is a present obligation arising from past events but is not recognised because it is not probable that an outflow of resources embodying economic benefits will be required to settle the obligation.

Where the Group is jointly and severally liable for an obligation, the part of the obligation that is expected to be met by other parties is treated as contingent liability and it is not recognised in the consolidated financial statements.

The Group assesses continually to determine whether an outflow of resources embodying economic benefits has become probable. If it becomes probable that an outflow of future economic benefits will be required for an item previously dealt with as a contingent liability, a provision is recognised in the consolidated financial statements in the reporting period in which the change in probability occurs, except in the extremely rare circumstances where no reliable estimate can be made.

(o) Financial instruments

Financial assets and financial liabilities are recognised when a group entity becomes a party to the contractual provisions of the instrument. All regular way purchases or sales of financial assets are recognised and derecognised on a trade date basis. Regular way purchases or sales are purchases or sales of financial assets that require delivery of assets within the time frame established by regulation or convention in the market place.

Financial assets and financial liabilities are initially measured at fair value except for trade receivables arising from contracts with customers which are initially measured in accordance with HKFRS 15 "Revenue from Contracts with Customers". Transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities (other than financial assets or financial liabilities at fair value through profit or loss ("FVTPL")) are added to or deducted from the fair value of the financial assets or financial liabilities, as appropriate, on initial recognition. Transaction costs directly attributable to the acquisition of financial assets or financial liabilities at FVTPL are recognised immediately in profit or loss.

The effective interest method is a method of calculating the amortised cost of a financial asset or financial liability and of allocating interest income and interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash receipts and payments (including all fees and points paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts) through the expected life of the financial asset or financial liability, or, where appropriate, a shorter period, to the net carrying amount on initial recognition.

Financial assets

Classification and subsequent measurement of financial assets

Financial assets that meet the following conditions are subsequently measured at amortised cost:

- (i) the financial asset is held within a business model whose objective is to collect contractual cash flows; and
- (ii) the contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

(Expressed in Hong Kong dollars)

4 SIGNIFICANT ACCOUNTING POLICIES (Continued)

(o) Financial instruments (Continued)

Financial assets (Continued)

Classification and subsequent measurement of financial assets (Continued)

Financial assets that meet the following conditions are subsequently measured at fair value through other comprehensive income ("FVTOCI"):

- (i) the financial asset is held within a business model whose objective is achieved by both selling and collecting contractual cash flows; and
- (ii) the contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

All other financial assets are subsequently measured at FVTPL, except that at initial recognition of a financial asset the Group may irrevocably elect to present subsequent changes in fair value of an equity investment in other comprehensive income if that equity investment is neither held for trading nor contingent consideration recognised by an acquirer in a business combination to which HKFRS 3 "Business Combinations" applies.

A financial asset is held for trading if:

- (i) it has been acquired principally for the purpose of selling in the near term; or
- (ii) on initial recognition it is a part of a portfolio of identified financial instruments that the Group manages together and has a recent actual pattern of short-term profit-taking; or
- (iii) it is a derivative that is not designated and effective as a hedging instrument.

In addition, the Group may irrevocably designate a financial asset that is required to be measured at the amortised cost or FVTOCI as measured at FVTPL if doing so eliminates or significantly reduces an accounting mismatch.

Amortised cost and interest income

Interest income is recognised using the effective interest method for financial assets measured subsequently at amortised cost. Interest income is calculated by applying the effective interest rate to the gross carrying amount of a financial asset, except for financial assets that have subsequently become credit-impaired. For financial assets that have subsequently become credit-impaired, interest income is recognised by applying the effective interest rate to the amortised cost of the financial asset from the next reporting period. If the credit risk on the credit-impaired financial instrument improves so that the financial asset is no longer credit-impaired, interest income is recognised by applying the effective interest rate to the gross carrying amount of the financial asset from the beginning of the reporting period following the determination that the asset is no longer credit-impaired.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

(Expressed in Hong Kong dollars)

4 SIGNIFICANT ACCOUNTING POLICIES (Continued)

(o) Financial instruments (Continued)

Financial assets (Continued)

Impairment of financial assets

The Group performs impairment assessment under expected credit loss ("ECL") model on financial assets (including trade receivables, deposits, other receivables and bank balances) which are subject to impairment under HKFRS 9. The amount of ECL is updated at each reporting date to reflect changes in credit risk since initial recognition.

Lifetime ECL represents the ECL that will result from all possible default events over the expected life of the relevant instrument. In contrast, 12-month ECL ("12m ECL") represents the portion of lifetime ECL that is expected to result from default events that are possible within 12 months after the reporting date. Assessments are done based on the Group's historical credit loss experience, adjusted for factors that are specific to the debtors, general economic conditions and an assessment of both the current conditions at the reporting date as well as the forecast of future conditions.

The Group always recognises lifetime ECL for trade receivables.

For all other instruments, the Group measures the loss allowance equal to 12m ECL, unless there has been a significant increase in credit risk since initial recognition, in which case the Group recognises lifetime ECL. The assessment of whether lifetime ECL should be recognised is based on significant increases in the likelihood or risk of a default occurring since initial recognition.

(i) Significant increase in credit risk

In assessing whether the credit risk has increased significantly since initial recognition, the Group compares the risk of a default occurring on the financial instrument as at the reporting date with the risk of a default occurring on the financial instrument as at the date of initial recognition. In making this assessment, the Group considers both quantitative and qualitative information that is reasonable and supportable, including historical experience and forward-looking information that is available without undue cost or effort.

In particular, the following information is taken into account when assessing whether credit risk has increased significantly:

- an actual or expected significant deterioration in the financial instrument's external (if available) or internal credit rating;
- significant deterioration in external market indicators of credit risk, e.g. a significant increase in the credit spread, the credit default swap prices for the debtor;

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

(Expressed in Hong Kong dollars)

4 SIGNIFICANT ACCOUNTING POLICIES (Continued)

(o) Financial instruments (Continued)

Financial assets (Continued)

Impairment of financial assets (Continued)

- (i) Significant increase in credit risk (Continued)
- existing or forecast adverse changes in business, financial or economic conditions that are expected to cause a significant decrease in the debtor's ability to meet its debt obligations;
 - an actual or expected significant deterioration in the operating results of the debtor;
 - an actual or expected significant adverse change in the regulatory, economic, or technological environment of the debtor that results in a significant decrease in the debtor's ability to meet its debt obligations.

Irrespective of the outcome of the above assessment, the Group presumes that the credit risk has increased significantly since initial recognition when contractual payments are more than 30 days past due, unless the Group has reasonable and supportable information that demonstrates otherwise.

Despite the foregoing, the Group assumes that the credit risk on a debt instrument has not increased significantly since initial recognition if the debt instrument is determined to have low credit risk at the reporting date. A debt instrument is determined to have low credit risk if (i) it has a low risk of default, (ii) the borrower has a strong capacity to meet its contractual cash flow obligations in the near term and (iii) adverse changes in economic and business conditions in the longer term may, but will not necessarily, reduce the ability of the borrower to fulfil its contractual cash flow obligations. The Group considers a debt instrument to have low credit risk when it has an internal or external credit rating of "investment grade" as per globally understood definitions.

The Group regularly monitors the effectiveness of the criteria used to identify whether there has been a significant increase in credit risk and revises them as appropriate to ensure that the criteria are capable of identifying significant increase in credit risk before the amount becomes past due.

(ii) Definition of default

For internal credit risk management, the Group considers an event of default occurs when information developed internally or obtained from external sources indicates that the debtor is unlikely to pay its creditors, including the Group, in full without taking into account any collaterals held by the Group.

Irrespective of the above, the Group considers that default has occurred when a financial asset is more than 90 days past due unless the Group has reasonable and supportable information to demonstrate that a more lagging default criterion is more appropriate.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

(Expressed in Hong Kong dollars)

4 SIGNIFICANT ACCOUNTING POLICIES (Continued)

(o) Financial instruments (Continued)

Financial assets (Continued)

Impairment of financial assets (Continued)

(iii) Credit-impaired financial assets

A financial asset is credit-impaired when one or more events that have a detrimental impact on the estimated future cash flows of that financial asset have occurred. Evidence that a financial asset is credit-impaired includes observable data about the following events:

- significant financial difficulty of the issuer or the borrower;
- a breach of contract, such as a default or past due event;
- the lender(s) of the borrower, for economic or contractual reasons relating to the borrower's financial difficulty, having granted to the borrower a concession(s) that the lender(s) would not otherwise consider;
- it is becoming probable that the borrower will enter bankruptcy or other financial reorganisation; or
- the disappearance of an active market for that financial asset because of financial difficulties.

(iv) Write-off policy

The Group writes off a financial asset when there is information indicating that the counterparty is in severe financial difficulty and there is no realistic prospect of recovery, for example, when the counterparty has been placed under liquidation or has entered into bankruptcy proceedings, or in the case of trade receivables, when the amounts are over two years past due, whichever occurs sooner. Financial assets written off may still be subject to enforcement activities under the Group's recovery procedures, taking into account legal advice where appropriate. A write-off constitutes a derecognition event. Any subsequent recoveries are recognised in profit or loss.

(v) Measurement and recognition of ECL

The measurement of ECL is a function of the probability of default, loss given default (i.e. the magnitude of the loss if there is a default) and the exposure at default. The assessment of the probability of default and loss given default is based on historical data and forward-looking information. Estimation of ECL reflects an unbiased and probability-weighted amount that is determined with the respective risks of default occurring as the weights. The Group uses a practical expedient in estimating ECL on trade receivables using a provision matrix taking into consideration historical credit loss experience and forward-looking information that is available without undue cost or effort.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

(Expressed in Hong Kong dollars)

4 SIGNIFICANT ACCOUNTING POLICIES (Continued)

(o) Financial instruments (Continued)

Financial assets (Continued)

Impairment of financial assets (Continued)

(v) Measurement and recognition of ECL (Continued)

Generally, the ECL is the difference between all contractual cash flows that are due to the Group in accordance with the contract and the cash flows that the Group expects to receive, discounted at the effective interest rate determined at initial recognition.

Lifetime ECL for trade receivables are considered on a collective basis taking into consideration past due information and relevant credit information such as forward-looking macroeconomic information.

For collective assessment, the Group takes into consideration the following characteristics when formulating the grouping:

- past-due status;
- nature, size and industry of debtors; and
- external credit ratings where available.

The grouping is regularly reviewed by management to ensure the constituents of each group continue to share similar credit risk characteristics.

The Group recognises an impairment gain or loss in profit or loss for all financial instruments by adjusting their carrying amount, with the exception of trade receivables where the corresponding adjustment is recognised through a loss allowance account.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

(Expressed in Hong Kong dollars)

4 SIGNIFICANT ACCOUNTING POLICIES (Continued)

(o) Financial instruments (Continued)

Financial assets (Continued)

Derecognition of financial assets

The Group derecognises a financial asset only when the contractual rights to the cash flows from the asset expire, or when it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another entity. If the Group neither transfers nor retains substantially all the risks and rewards of ownership and continues to control the transferred asset, the Group recognises its retained interest in the asset and an associated liability for amounts it may have to pay. If the Group retains substantially all the risks and rewards of ownership of a transferred financial asset, the Group continues to recognise the financial asset and also recognises a collateralised borrowing for the proceeds received.

On derecognition of a financial asset measured at amortised cost, the difference between the asset's carrying amount and the sum of the consideration received and receivable is recognised in profit or loss.

Financial liabilities and equity

Classification as debt or equity

Debt and equity instruments are classified as either financial liabilities or as equity in accordance with the substance of the contractual arrangements and the definitions of a financial liability and an equity instrument.

Equity instruments

An equity instrument is any contract that evidences a residual interest in the assets of an entity after deducting all of its liabilities. Equity instruments issued by the Group are recognised at the proceeds received, net of direct issue costs.

Financial liabilities at amortised cost

Financial liabilities including trade payables, other payables and accruals, bonds and borrowings are subsequently measured at amortised cost, using the effective interest method.

Derecognition of financial liabilities

The Group derecognises financial liabilities when, and only when, the Group's obligations are discharged, cancelled or have expired. The difference between the carrying amount of the financial liability derecognised and the consideration paid and payable is recognised in profit or loss.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

(Expressed in Hong Kong dollars)

4 SIGNIFICANT ACCOUNTING POLICIES (Continued)

(p) Related parties

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

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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

(Expressed in Hong Kong dollars)

5 KEY SOURCES OF ESTIMATION UNCERTAINTY

In the application of the Group's accounting policies, which are described in note 4, the directors of the Company are required to make judgements, estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and underlying assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

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

The following are the key assumptions concerning the future, and other key sources of estimation uncertainty at the end of the reporting period that may have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year.

Impairment of goodwill

Determining whether goodwill is impaired requires an estimation of the recoverable amount of the cash-generating unit (or group of cash-generating units) to which goodwill has been allocated, which is the higher of the value in use or fair value less costs of disposal. The value in use calculation requires the Group to estimate the future cash flows expected to arise from the cash-generating unit (or a group of cash-generating units) and a suitable discount rate in order to calculate the present value. Where the actual future cash flows are less than expected, or change in facts and circumstances which results in downward revision of future cash flows or upward revision of discount rate, a material impairment loss or further impairment loss may arise.

As at 31 March 2022, the carrying amount of goodwill is HK\$9,470,000 (2021: HK\$15,749,000) (net of accumulated impairment loss of HK\$54,932,000 (2021: HK\$48,653,000)). Details of the recoverable amount calculation are disclosed in note 16.

Impairment of property, plant and equipment and intangible assets

Property, plant and equipment and intangible assets are stated at costs less accumulated depreciation, amortisation and impairment, if any. In determining whether an asset is impaired, the Group has to exercise judgement and make estimation, particularly in assessing:

- (i) whether an event has occurred or any indicators that may affect the asset value;
- (ii) whether the carrying value of an asset can be supported by the recoverable amount, in the case of value in use, the net present value of future cash flows which are estimated based upon the continued use of the asset; and
- (iii) the appropriate key assumptions to be applied in estimating the recoverable amounts including the cash flow projections and an appropriate discount rate.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

(Expressed in Hong Kong dollars)

5 KEY SOURCES OF ESTIMATION UNCERTAINTY (Continued)

Impairment of property, plant and equipment and intangible assets (Continued)

When it is not possible to estimate the recoverable amount of an individual asset, the Group estimates the recoverable amount of the cash generating unit to which the assets belongs, including allocation of corporate assets when a reasonable and consistent basis of allocation can be established, otherwise recoverable amount is determined at the smallest group of cash generating units, for which the relevant corporate assets have been allocated. Changing the assumptions and estimates, including the discount rates or the growth rate in the cash flow projections, could materially affect the recoverable amounts.

As at 31 March 2022, the carrying amounts of property, plant and equipment and intangible assets subject to impairment assessment were HK\$800,000 and HK\$1,723,000 (2021: HK\$1,304,000 and HK\$8,610,000) respectively. No impairment loss was recognised for the years ended 31 March 2022 and 2021.

Provision of ECL for trade receivables

Significant or credit-impaired trade receivables balances are assessed for ECL individually. In addition, the Group uses practical expedient in estimating ECL on trade receivables which are not assessed individually using a provision matrix. The provision rates are based on taking into consideration the Group's historical default rates and forward-looking information that is reasonable and supportable available without undue costs or effort. At each reporting date, the historical observed default rates are reassessed and changes in the forward-looking information are considered.

The provision of ECL is sensitive to changes in estimates. The information about the ECL and the Group's trade receivables are disclosed in note 33(b).

As at 31 March 2022, the carrying amount of trade receivables was HK\$5,944,000 (2021: HK\$5,953,000), net of allowance for credit losses of HK\$18,000 (2021: HK\$135,000).

6 REVENUE AND SEGMENT INFORMATION

The Group satisfied its performance obligation for provision of OTT services and provision of professional services when the services are rendered. Revenue from contracts with customers is recognised over time and disaggregation of revenue is consistent with the segment revenue information that is disclosed in note 6(a) for each reportable segment under HKFRS 8 "Operating Segments".

Information reported to the executive directors of the Group, being the chief operating decision maker ("CODM"), for the purposes of resource allocation and assessment of segment performance focuses on the types of services rendered.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

(Expressed in Hong Kong dollars)

6 REVENUE AND SEGMENT INFORMATION (Continued)

Specifically, the Group's reportable segments under HKFRS 8 are as follows:

- | | | |
|------|------------------------------------|---|
| (i) | Provision of OTT services | Distribution and production of films, television programmes and music production on OTT platforms |
| (ii) | Provision of professional services | Provision of information technology engineering and technical support services including financial valuation and IT service |

During the years ended 31 March 2022 and 2021, all performance obligations for provision of OTT services and professional services are for a period of one year or less. As permitted under HKFRS 15, the transaction price allocated to unsatisfied performance obligations as at 31 March 2022 and 2021 is not disclosed.

Certain comparative figures of the segment results, segment assets and liabilities and other segment information have been represented to conform with the current year's presentation.

(a) Segment results

The accounting policies of the operating segments are the same as the Group's accounting policies described in note 4. Segment results represents the results before tax of each segment without allocation of interest income, certain unallocated other income and gains, certain unallocated expenses (including central administrative costs, directors' remunerations and finance costs). This is the measure reported to the CODM for the purposes of resource allocation and performance assessment.

The following is an analysis of the Group's revenue and results by reportable segments:

	2022		
	OTT services HK\$'000	Professional services HK\$'000	Total HK\$'000
Segment revenue under HKFRS 15			
External revenue	35,803	381	36,184
Results			
Segment profit/(loss)	4,652	(21)	4,631
Unallocated income and gains			1,126
Unallocated expenses and losses			(29,855)
Finance costs			(4,905)
Loss before income tax			(29,003)

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

(Expressed in Hong Kong dollars)

6 REVENUE AND SEGMENT INFORMATION (Continued)

(a) Segment results (Continued)

	2021		
	OTT services <i>HK\$'000</i>	Professional services <i>HK\$'000</i>	Total <i>HK\$'000</i>
Segment revenue under HKFRS 15			
External revenue	31,094	1,743	32,837
Results			
Segment profit	7,638	1,287	8,925
Unallocated income and gains			13,144
Unallocated expenses and losses			(24,660)
Finance costs			(5,676)
Loss before income tax			(8,267)

There were no inter-segment revenue in both years.

(b) Segment assets and liabilities

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

- all major assets are allocated to reportable segments other than certain property, plant and equipment, goodwill, intangible assets, other receivables, deposits and prepayments and cash and cash equivalents. Assets used jointly by reportable segments are allocated on the basis of the revenues earned by individual reportable segments; and
- all major liabilities are allocated to reportable segments other than certain other payables, borrowings, bonds, deferred tax liabilities, tax payable and provisions. Liabilities for which reportable segments are jointly liable are allocated in proportion to segment assets.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

(Expressed in Hong Kong dollars)

6 REVENUE AND SEGMENT INFORMATION (Continued)

(b) Segment assets and liabilities (Continued)

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

	2022		Total HK\$'000
	OTT services HK\$'000	Professional services HK\$'000	
Assets			
Segment assets	5,944	–	5,944
Unallocated corporate assets:			
– Property, plant and equipment			800
– Goodwill			9,470
– Intangible assets			1,723
– Other receivables			108
– Deposits and prepayments			4,869
– Cash and cash equivalents			1,875
Total assets			24,789
Liabilities			
Segment liabilities	(11,817)	(931)	(12,748)
Unallocated corporate liabilities:			
– Other payables			(20,839)
– Borrowings			(33,060)
– Bonds			(10,402)
– Deferred tax liabilities			(285)
– Tax payable			(377)
– Provisions			(9,828)
Total liabilities			(87,539)

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

(Expressed in Hong Kong dollars)

6 REVENUE AND SEGMENT INFORMATION (Continued)**(b) Segment assets and liabilities (Continued)**

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

	2021		
	OTT services <i>HK\$'000</i>	Professional services <i>HK\$'000</i>	Total <i>HK\$'000</i>
Assets			
Segment assets	5,953	–	5,953
Unallocated corporate assets:			
– Property, plant and equipment			1,304
– Goodwill			15,749
– Intangible assets			8,610
– Other receivables			57
– Deposits and prepayments			1,832
– Cash and cash equivalents			1,112
Total assets			34,617
Liabilities			
Segment liabilities	(28,248)	(931)	(29,179)
Unallocated corporate liabilities:			
– Other payables			(50,275)
– Borrowings			(10,952)
– Bonds			(9,570)
– Deferred tax liabilities			(1,421)
– Tax payable			(377)
Total liabilities			(101,774)

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

(Expressed in Hong Kong dollars)

6 REVENUE AND SEGMENT INFORMATION (Continued)

(c) Other segment information

	2022			
	OTT services	Professional services	Unallocated	Total
	HK\$'000	HK\$'000	HK\$'000	HK\$'000
Depreciation of property, plant and equipment	-	-	569	569
Amortisation of intangible assets	-	-	6,887	6,887
Net reversal of impairment loss on trade receivables	(117)	-	-	(117)
Impairment loss on goodwill	-	-	6,279	6,279
Interest expenses	-	-	4,905	4,905
Provisions for litigation	-	-	9,828	9,828
Waiver of other payables	-	-	(194)	(194)
Write-back of other payables	-	-	(923)	(923)
Additions to non-current assets	-	-	65	65
	2021			
	OTT services	Professional services	Unallocated	Total
	HK\$'000	HK\$'000	HK\$'000	HK\$'000
Depreciation of property, plant and equipment	-	-	563	563
Amortisation of intangible assets	-	-	6,887	6,887
Net reversal of impairment loss on trade receivables	(491)	-	-	(491)
Write off of property, plant and equipment	-	-	20	20
Interest expenses	-	-	5,676	5,676
Waiver of other payables	-	-	(9,621)	(9,621)
Government grants	-	-	(162)	(162)
Additions to non-current assets	-	-	361	361

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

(Expressed in Hong Kong dollars)

6 REVENUE AND SEGMENT INFORMATION (Continued)

(d) Geographical information

No geographical information is presented as the Group's operations are based in Hong Kong and majority of the Group's revenue and non-current assets are derived from and located at Hong Kong respectively for both years.

(e) Information about major customers

During the year ended 31 March 2022 and 2021, no customer with whom transactions exceeded 10% of the Group's revenue.

7 OTHER INCOME AND GAINS

	2022 <i>HK\$'000</i>	2021 <i>HK\$'000</i>
Gain on disposal of subsidiaries	–	8,525
Waiver of other payables	194	9,621
Write-back of other payables	923	–
Government grants	–	162
Others	276	252
	1,393	18,560

Government grants during the year ended 31 March 2021 related to the Employment Support Scheme provided by the Government of the Hong Kong Special Administrative Region in respect of COVID-19 related subsidies.

8 FINANCE COSTS

	2022 <i>HK\$'000</i>	2021 <i>HK\$'000</i>
Interest on borrowings	4,032	4,322
Interest on bonds	832	1,262
Others	41	92
	4,905	5,676

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

(Expressed in Hong Kong dollars)

9 LOSS BEFORE INCOME TAX

Loss before income tax has been arrived at after charging/(crediting):

	2022 HK\$'000	2021 HK\$'000
Employee benefits expenses (excluding directors' emoluments):		
– Wages, salaries and other benefits	5,233	4,581
– Contributions to retirement benefits schemes	204	186
	5,437	4,767
Auditor's remuneration	880	600
Amortisation of intangible assets	6,887	6,887
Depreciation of property, plant and equipment	569	563
Expense relating to short-term leases	120	9
Reversal of impairment loss on trade receivables, net	(117)	(491)
Write-off of property, plant and equipment	–	20

10 INCOME TAX CREDIT

	2022 HK\$'000	2021 HK\$'000
Current tax – Under-provision of Hong Kong Profits Tax in prior years	–	6
Deferred tax (<i>note 24</i>)	(1,136)	(1,136)
	(1,136)	(1,130)

No provision of Hong Kong Profits Tax has been recognised in the consolidated financial statements for both years as the subsidiaries of the Group either sustained a loss for taxation purpose or their unused tax losses were sufficient to cover their estimated assessable profits.

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

	2022 HK\$'000	2021 HK\$'000
Loss before income tax	(29,003)	(8,267)
Tax at the applicable tax rate of 16.5% (2021: 16.5%)	(4,785)	(1,364)
Tax effect of income not taxable for tax purpose	(182)	(1,603)
Tax effect of expenses not deductible for tax purpose	2,860	3,141
Under-provision in respect of prior years	–	6
Tax effect of temporary differences not recognised	3	–
Tax effect of tax losses not recognised	1,527	–
Utilisation of tax losses previously not recognised	(559)	(1,310)
Income tax credit for the year	(1,136)	(1,130)

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

(Expressed in Hong Kong dollars)

11 DIRECTORS' AND CHIEF EXECUTIVE'S EMOLUMENTS

Directors' and chief executive's remuneration for the year, disclosed pursuant to the applicable GEM Listing Rules and the Hong Kong Companies Ordinance, is as follows:

		2022				
		Fees <i>HK\$'000</i>	Salaries, allowance and other benefits in kind <i>HK\$'000</i>	Bonuses <i>HK\$'000</i>	Retirement benefits <i>HK\$'000</i>	Total <i>HK\$'000</i>
<i>Notes</i>						
Present directors						
Executive directors						
	– Ms. Ho Chi Na (Chief executive)	–	1,200	650	18	1,868
1	– Ms. Wong Tsz Ki	4	–	–	–	4
Independent non-executive directors						
2	– Mr. Chan Chi Ching	–	–	–	–	–
3	– Mr. Chong Tung Yan Benedict	–	–	–	–	–
4	– Mr. Tsang Hing Bun	–	–	–	–	–
		4	1,200	650	18	1,872
Former directors						
Executive director						
9	– Mr. Park Chung Min	4	–	–	–	4
Non-executive director						
10	– Mr. Lau Chung Yin	120	–	–	–	120
Independent non-executive directors						
11	– Mr. Hau Chi Kit	120	–	–	–	120
13	– Mr. Ma Stephen Tsz On	38	–	–	–	38
14	– Mr. Tang Chun Hei	108	–	–	–	108
15	– Mr. Ho Chun Hang	117	–	–	–	117
		507	–	–	–	507
		511	1,200	650	18	2,379

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

(Expressed in Hong Kong dollars)

11 DIRECTORS' AND CHIEF EXECUTIVE'S EMOLUMENTS (Continued)

	Notes	2021				Total HK\$'000
		Fees HK\$'000	Salaries, allowance and other benefits in kind HK\$'000	Bonuses HK\$'000	Retirement benefits HK\$'000	
Present directors						
Executive directors						
– Ms. Ho Chi Na (Chief executive)		–	1,100	–	18	1,118
– Ms. Wong Tsz Ki	1	–	–	–	–	–
Independent non-executive directors						
– Mr. Chan Chi Ching	2	–	–	–	–	–
– Mr. Chong Tung Yan Benedict	3	–	–	–	–	–
– Mr. Tsang Hing Bun	4	–	–	–	–	–
		–	1,100	–	18	1,118
Former directors						
Executive directors						
– Mr. Lau Kelly	5	–	285	–	12	297
– Mr. He Dongyu	6	7	–	–	–	7
– Ms. Sin Pui Ying	7	94	–	–	–	94
– Mr. Ho Alvin Tzuen Chung	8	80	–	–	–	80
– Mr. Park Chung Min	9	–	–	–	–	–
Non-executive director						
– Mr. Lau Chung Yin	10	7	–	–	–	7
Independent non-executive directors						
– Mr. Hau Chi Kit	11	120	–	–	–	120
– Mr. Ho Siu King, Stanley	12	70	–	–	–	70
– Mr. Ma Stephen Tsz On	13	120	–	–	–	120
– Mr. Tang Chun Hei	14	40	–	–	–	40
– Mr. Ho Chun Hang	15	14	–	–	–	14
– Ms. Yang Eugenia	16	43	–	–	–	43
		595	285	–	12	892
		595	1,385	–	30	2,010

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

(Expressed in Hong Kong dollars)

11 DIRECTORS' AND CHIEF EXECUTIVE'S EMOLUMENTS (Continued)

Notes:

- (1) Ms. Wong Tsz Ki was appointed on 21 March 2022.
- (2) Mr. Chan Chi Ching was appointed on 14 November 2022.
- (3) Mr. Chong Tung Yan Benedict was appointed on 20 July 2022.
- (4) Mr. Tsang Hing Bun was appointed on 20 July 2022.
- (5) Mr. Lau Kelly resigned on 31 December 2020.
- (6) Mr. He Dongyu resigned on 21 April 2020.
- (7) Ms. Sin Pui Ying was appointed on 21 April 2020 and resigned on 2 February 2021.
- (8) Mr. Ho Alvin Tzuen Chung resigned on 1 December 2020.
- (9) Mr. Park Chung Min was appointed on 21 March 2022 and resigned on 8 August 2022.
- (10) Mr. Lau Chung Yin resigned on 11 May 2022.
- (11) Mr. Hau Chi Kit resigned on 12 August 2022.
- (12) Mr. Ho Siu King, Stanley resigned on 9 October 2020.
- (13) Mr. Ma Stephen Tsz On resigned on 23 July 2021.
- (14) Mr. Tang Chun Hei was appointed on 1 December 2020 and resigned on 24 February 2022.
- (15) Mr. Ho Chun Hang was appointed on 17 February 2021 and resigned on 23 March 2022.
- (16) Ms. Yang Eugenia was appointed on 9 October 2020 and resigned on 17 February 2021.

The executive directors' emoluments shown above were mainly for their services in connection with the management of the affairs of the Company and the Group.

The independent non-executive directors' emoluments shown above were mainly for their services as directors of the Company.

No emoluments were paid by the Group to the directors of the Company as an inducement to join or upon joining the Group or as compensation for loss of office for the years ended 31 March 2022 and 2021. There was no arrangement under which a director or the chief executive waived or agreed to waive any remuneration for both years.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

(Expressed in Hong Kong dollars)

12 FIVE HIGHEST PAID EMPLOYEES

The five highest paid employees of the Group during the year included one (2021: one) director, details of whose remunerations are set out in note 11. Details of the remuneration for the year of the remaining four (2021: four) highest paid employees who are neither a director nor chief executive of the Company are as follows:

	2022 HK\$'000	2021 <i>HK\$'000</i>
Salaries, allowance and benefits in kind	1,451	1,359
Bonuses	135	102
Retirement benefits scheme contributions	67	64
	1,653	1,525

The number of the highest paid employees who are not the directors nor chief executive of the Company whose remuneration fell within the following bands is as follows:

	2022 Number of employees	2021 <i>Number of</i> <i>employees</i>
Nil to HK\$1,000,000	4	4

No emoluments were paid by the Group to the five highest paid employees (including directors and employees) as an inducement to join or upon joining the Group or as compensation for loss of office for the years ended 31 March 2022 and 2021. There was no arrangement under which any of the five highest paid employees waived or agreed to waive any remuneration for both years.

13 DIVIDENDS

No dividend was paid or proposed during the year (2021: Nil), nor has any dividend been proposed since the end of the reporting period (2021: Nil).

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

(Expressed in Hong Kong dollars)

14 LOSS PER SHARE

The calculation of the basic loss per share is based on the following data:

	2022 HK\$'000	2021 <i>HK\$'000</i>
Loss:		
Loss for the purpose of calculating basic earnings per share (loss for the year)	(28,144)	(8,599)
	2022 Number of shares '000	2021 <i>Number of</i> <i>shares</i> <i>'000</i>
Number of shares:		
Weighted average number of ordinary shares for the purpose of calculating basic loss per share	100,655	50,237

No diluted loss per share for both 2022 and 2021 were presented as there were no potential ordinary shares in issue for both 2022 and 2021.

The comparative figure of loss per share has been restated based on a rectified loss per share calculation prepared in the process of preparation of the current year consolidated financial statements.

15 PROPERTY, PLANT AND EQUIPMENT

	Furniture and fixtures <i>HK\$'000</i>	Computer and office equipment <i>HK\$'000</i>	Total <i>HK\$'000</i>
Cost			
At 1 April 2020	48	2,872	2,920
Additions	–	361	361
Written off	(5)	(320)	(325)
At 31 March 2021 and 1 April 2021	43	2,913	2,956
Additions	–	65	65
Written off	–	(243)	(243)
At 31 March 2022	43	2,735	2,778
Accumulated depreciation			
At 1 April 2020	48	1,346	1,394
Provided for the year	–	563	563
Written off	(5)	(300)	(305)
At 31 March 2021 and 1 April 2021	43	1,609	1,652
Provided for the year	–	569	569
Written off	–	(243)	(243)
At 31 March 2022	43	1,935	1,978
Carrying values			
At 31 March 2022	–	800	800
At 31 March 2021	–	1,304	1,304

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

(Expressed in Hong Kong dollars)

15 PROPERTY, PLANT AND EQUIPMENT (Continued)

The above items of property, plant and equipment after taking into account the residual values, are depreciated on a straight-line basis at the following rates per annum:

Furniture and fixtures	20%
Computer and office equipment	20%

16 GOODWILL

Goodwill is allocated to the Group's cash-generating units identified according to operating segment and reconciliation of carrying amount is presented as follows:

	OTT services <i>HK\$'000</i>	Professional services <i>HK\$'000</i>	Total <i>HK\$'000</i>
Cost			
At 1 April 2020, 31 March 2021, 1 April 2021 and 31 March 2022	54,592	9,810	64,402
Impairment			
At 1 April 2020, 31 March 2021 and 1 April 2021	38,843	9,810	48,653
Impairment loss recognised in profit or loss	6,279	–	6,279
At 31 March 2022	45,122	9,810	54,932
Carrying values			
At 31 March 2022	9,470	–	9,470
At 31 March 2021	15,749	–	15,749

OTT services – Full Wealthy International Limited and its subsidiaries (“FWI Group”)

The recoverable amount of this unit has been determined based on a value in use calculation. That calculation uses cash flow projections based on financial budgets approved by management covering a 5-year period (2021: 5-year), and pre-tax discount rate of 18.17% (2021: 17.75%). Cash flows beyond the 5-year period (2021: 5-year) are extrapolated using a steady 2% growth rate (2021: 2.43%). This growth rate is based on the relevant industry growth forecasts and does not exceed the average long-term growth rate for the relevant industry. Other key assumptions for the value in use calculation relate to the estimation of cash inflows/outflows which include budgeted sales and gross margin, such estimation is based on the unit's past performance and management's expectations for the market development.

During the year ended 31 March 2022, the Group faced more vigorous competitions from its peers in the OTT services market, resulting in a decrease in projected revenue in the cash flow projections. Consequently, further impairment of goodwill of HK\$6,279,000 was recognised in profit or loss for the year ended 31 March 2022.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

(Expressed in Hong Kong dollars)

17 INTANGIBLE ASSETS

	OTT platform <i>HK\$'000</i>	Non-competition arrangement <i>HK\$'000</i>	Total <i>HK\$'000</i>
Cost			
At 1 April 2020, 31 March 2021, 1 April 2021 and 31 March 2022	34,437	4,434	38,871
Amortisation and impairments			
At 1 April 2020	18,940	4,434	23,374
Charge for the year	6,887	–	6,887
At 31 March 2021 and 1 April 2021	25,827	4,434	30,261
Charge for the year	6,887	–	6,887
At 31 March 2022	32,714	4,434	37,148
Carrying values			
At 31 March 2022	1,723	–	1,723
At 31 March 2021	8,610	–	8,610

OTT platform

The OTT platform was acquired through acquisition of FWI Group during the year ended 31 March 2018 and is amortised on a straight-line basis over 5 years.

Non-competition arrangement

The non-competition arrangement was acquired through acquisition of Magnificent Power Limited and its subsidiaries during the year ended 31 March 2017 and was amortised on a straight-line basis over 5 years. It has been fully impaired in prior years.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

(Expressed in Hong Kong dollars)

18 TRADE AND OTHER RECEIVABLES

	2022 <i>HK\$'000</i>	2021 <i>HK\$'000</i>
Trade receivables	5,962	6,088
Less: Allowance for credit losses	(18)	(135)
	5,944	5,953
Other receivables	108	57
	6,052	6,010

Trade 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.

The following is an aged analysis of trade receivables, net of allowance for credit losses, presented based on invoice dates:

	2022 <i>HK\$'000</i>	2021 <i>HK\$'000</i>
0 to 30 days	3,243	4,638
31 to 90 days	2,328	1,259
Over 90 days	373	56
	5,944	5,953

Details of impairment assessment of trade and other receivables are set out in note 33(b).

19 DEPOSITS AND PREPAYMENTS

	2022 <i>HK\$'000</i>	2021 <i>HK\$'000</i>
Deposits	185	111
Prepayments	4,684	1,721
	4,869	1,832

Included in the Group's prepayments were prepayments to suppliers in obtaining the right to distribute multi-media related services and content in the Greater China via different platform like cable TV. All of the deposits and prepayments are expected to be recovered or recognised as expense within one year.

Details of the impairment assessment of deposits paid are set out in note 33(b).

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

(Expressed in Hong Kong dollars)

20 CASH AND CASH EQUIVALENTS

Cash at banks earns interest at floating rates based on daily bank deposit rates and are deposited with creditworthy banks with no recent history of default.

Details of the impairment assessment of bank balances are set in note 33(b).

21 TRADE AND OTHER PAYABLES

	2022 HK\$'000	2021 <i>HK\$'000</i>
Trade payables	11,610	6,342
Accruals and other payables (<i>notes (a) and (b)</i>)	20,839	52,869
Contract liabilities	1,138	528
	33,587	59,739
Analysed as:		
– Current (<i>note (a)</i>)	27,214	23,721
– Non-current (<i>note (b)</i>)	6,373	36,018
	33,587	59,739

Notes:

- (a) Included in current portion of accruals and other payables was the amount due to a non-controlling shareholder of a subsidiary of HK\$Nil (2021: HK\$4,028,000). The balance was unsecured, interest free and repayable on demand.
- (b) Included in non-current portion of accruals and other payables was the amount due to a non-controlling shareholder of a subsidiary of HK\$6,373,000 (2021: HK\$36,018,000). The balance was unsecured, interest free and repayable over 1 year.

The following is an aged analysis of trade payables presented based on the invoice date:

	2022 HK\$'000	2021 <i>HK\$'000</i>
0 to 30 days	156	333
31 to 90 days	768	1,818
Over 90 days	10,686	4,191
	11,610	6,342

The credit period of trade payables granted by suppliers ranged from 30 to 90 days (2021: 30 to 90 days) upon the issue of invoices. The Group has financial risk management policies in place to ensure that all payables are settled within the credit time frame.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

(Expressed in Hong Kong dollars)

21 TRADE AND OTHER PAYABLES (Continued)

Contract liabilities represent deposits received in advance for subscription fee income from OTT services.

During the year ended 31 March 2022, an amount of HK\$528,000 related to brought-forward contract liabilities (2021: HK\$200,000) was recognised as revenue.

As at 1 April 2020, contract liabilities amounted to HK\$200,000.

22 BORROWINGS

	2022 HK\$'000	2021 HK\$'000
Carrying amount repayable, based on scheduled repayment:		
– Within 1 year	14,247	12,981
– After 1 year but within 2 years	–	17,686
– After 2 years but within 5 years	18,813	–
	33,060	30,667
Less: Amounts included under current liabilities (including borrowings with repayable on demand clause)	(14,247)	(12,981)
	18,813	17,686

The borrowings carry interest at a fixed rate of 3% to 15% (2021: 3% to 15%) per annum. The average effective interest rates (which are also equal to contracted interest rates) range from 3% to 15% (2021: 3% to 15%) per annum.

As at 31 March 2022, the Group has aggregate credit facilities from certain financial institutions and a non-controlling shareholder of a subsidiary (note 21(b)) with total of HK\$67,523,000 (2021: HK\$68,318,000), of which HK\$39,433,000 (2021: HK\$66,685,000) has been utilised.

23 BONDS

	2022 HK\$'000	2021 HK\$'000
Carrying amount repayable, based on contractual repayment dates:		
– Within 1 year	10,402	–
– After 1 year but within 2 years	–	9,570
	10,402	9,570

In July 2015, the Company issued bonds with a total principal amount of HK\$10,532,000 to an independent third party with coupon interest of 4.85% per annum and a maturity of 7 years from the date of issue. The effective interest rate for the bond is 5.89% per annum after considering the direct transaction costs.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

(Expressed in Hong Kong dollars)

24 DEFERRED TAX LIABILITIES

The following is the deferred tax liabilities recognised in respect of the recognition of intangible assets and the movements thereon during the current and prior years:

	2022 <i>HK\$'000</i>	2021 <i>HK\$'000</i>
At beginning of year	1,421	2,557
Credited to profit or loss	(1,136)	(1,136)
At end of year	285	1,421

At the end of the reporting period, the Group has unused tax losses of HK\$74,126,000 (2021: HK\$68,259,000) and temporary difference of HK\$18,000 (2021: HK\$Nil) available for offset against future profits. No deferred tax asset has been recognised due to the unpredictability of future profit streams. Unused tax losses may be carried forward indefinitely under current tax legislation.

25 PROVISIONS

	2022 <i>HK\$'000</i>	2021 <i>HK\$'000</i>
At beginning of year	–	–
Provisions recognised during the year	9,828	–
At end of year	9,828	–

As at 31 March 2022, the Group had provisions classified as non-current liabilities in respect of a legal proceeding in Hong Kong.

This provision was recognised based on management's best estimate after consultation with the legal counsel on the possible outcome and liability of the Group. In cases where the actual future outcomes differ from the estimation, further provision may be required.

On 10 August 2020, the Company and Ms. Yu Yining ("Ms. Yu"), a bondholder, entered into the deed of settlement (the "Deed of Settlement") pursuant to which the Company has allotted 5,521,126 shares (the "Subject Shares") of the Company to Ms. Yu to settle an outstanding amount due to Ms. Yu of HK\$3,920,000.

On 21 January 2021, Ms. Yu was allotted the Subject Shares and issued with the share certificate (the "Share Certificate").

On 23 July 2021, Ms. Yu sought to enforce her rights and interest in the Subject Shares and alleged that the Company instructed Union Registrars Limited (the "Registrar") not to register her Share Certificate and deposit her Subject Shares into Central Clearing and Settlement System of Hong Kong Exchanges and Clearing Limited ("CCASS") for trading, and therefore acted in breach of the Deed of Settlement and denied her rights as shareholder. The Company had received a report over the loss of the Share Certificate and the Registrar had been informed of the same, and the Company endeavoured to provide further information on the loss once available.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

(Expressed in Hong Kong dollars)

25 PROVISIONS (Continued)

On 6 September 2021, the Company received a writ of summons from Ms. Yu (the "Writ 1"). Under the Writ 1, Ms. Yu alleges, among other matters, that the Deed of Settlement was not enforced by the Company as a result of the wilful default of the Company and claims against the Company (i) a declaration that Ms. Yu hold 5,521,126 shares in the Company; (ii) an order that the Company do facilitate the registration of the Share Certificate to CCASS; or (iii) alternatively, damages to Ms. Yu being the difference of the share price of the Subject Shares at the date of judgement and on 23 July 2021.

A Defence and an Answer to Request for Further and Better Particulars were filed by the Company's lawyer on 14 December 2021 and 17 January 2022 respectively. As of the date of approval of these consolidated financial statements, the legal proceeding was still at a relatively early stage as neither party have given discovery or provided witness statements.

The legal counsel is of the view that the High Court of Hong Kong (the "Court") will find a breach of the Deed of Settlement and that the Company has denied Ms. Yu's right as the shareholder of the Subject Shares. If the Company pursues a declaration of ownership of the Subject Shares and/or an order to deposit the same to CCASS, it is likely that the Court will grant them. Alternatively, the Company will be exposed to damages in the sum of HK\$12,509,000. The sum shall be settled upon the end of the legal proceeding which is expected to be in 2025 and a provision of HK\$9,828,000 was recognised during the year ended 31 March 2022 after taking into account the present value of the potential damages.

26 SHARE CAPITAL

	Number of shares '000	Amount HK\$'000
Authorised:		
At 1 April 2020	200,000,000	200,000
Share consolidation (note (a))	(180,000,000)	–
At 31 March 2021, 1 April 2021 and 31 March 2022	20,000,000	200,000
Issued and fully paid:		
At 1 April 2020	142,257	142
Share consolidation (note (a))	(128,031)	–
Rights issue (note (b))	71,128	711
Issue of settlement shares (note (c))	5,521	56
At 31 March 2021 and 1 April 2021	90,875	909
Issue of new shares (note (d))	16,998	170
At 31 March 2022	107,873	1,079

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

(Expressed in Hong Kong dollars)

26 SHARE CAPITAL (Continued)

Notes:

- (a) On 25 August 2020, an ordinary resolution was passed by the shareholders at the extraordinary general meeting of the Company to consolidate every ten issued and unissued shares of HK\$0.001 each into one consolidated share of HK\$0.01 each (the "Share Consolidation"). Following the Share Consolidation, which became effective on 27 August 2020, 142,256,878 shares in the issued share capital of the Company were consolidated into 14,225,687 consolidated shares.
- (b) On 30 September 2020, the Company issued 71,128,435 ordinary shares of HK\$0.01 each at a subscription price of HK\$0.85 per ordinary share, in connection with the rights issue on the basis of five rights share for every one consolidated share held (the "Rights Issue"), resulting in net proceeds of HK\$56,941,000. Details of the Rights Issue are set out in the Company's prospectus dated 8 September 2020 and the Company's announcement dated 29 September 2020.
- (c) On 10 August 2020, the Company entered into the settlement agreement with a bondholder to issue the settlement shares as a partial settlement of outstanding principal amount of bond of HK\$3,920,000. The issue of settlement shares was completed on 21 January 2021.
- (d) On 3 September 2021, the Company issued 16,998,000 ordinary shares at HK\$0.01 each pursuant to the placing agreement at the price of HK\$2.00 per ordinary share, resulting in net proceeds of HK\$32,293,000.

27 RESERVES

Share premium

Under the Companies Law, Chapter 22 of the Cayman Islands, the funds in the share premium account of the Company are distributable to the shareholders of the Company provided that immediately following the date on which the distribution or dividend is proposed to be paid, the Company will be able to pay its debts as they fall in the ordinary course of business.

Capital reserve

The capital reserve represents waiver of amount due to a shareholder of the Company during the year ended 31 March 2003. As the waived amount was in substance equivalent to a capital contribution to the Company, it was accounted for as capital reserve.

Translation reserve

The translation reserve comprises all foreign exchange differences arising from the translation of the financial statements of operations outside Hong Kong which are dealt with in accordance with the accounting policies as set out in note 4(e).

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

(Expressed in Hong Kong dollars)

28 EQUITY-SETTLED SHARE OPTION SCHEME OF THE COMPANY

The Company's share option scheme (the "Scheme") was adopted pursuant to a resolution passed on 12 November 2014 for the primary purpose of providing incentives to directors and eligible employees, and will expire on 11 November 2024. Under the Scheme, the directors of the Company may grant options to eligible employees, including directors of the Company and its subsidiaries, to subscribe for shares in the Company.

The maximum number of shares of the Company ("Shares") which may be issued upon exercise of all outstanding options granted and yet to be exercised under the Scheme must not exceed 30% in nominal amount of the issued share capital of the Company from time to time. The maximum number of Shares issued and to be issued upon exercise of the options granted and to be granted to each eligible participant in any 12-month period must not exceed 1% in nominal amount of the issued capital of the Company from time to time. Any grant or further grant of share options in excess of this limit is subject to shareholders' approval in a general meeting of the Company.

Each grant of share options to any director, chief executive or substantial shareholder of the Company, or to any of their associates, is subject to approval in advance by the independent non-executive directors. In addition, any grant of share options to a substantial shareholder of the Company or an independent non-executive director, or to any of their associates, resulting in the Shares issued and to be issued upon exercise of all options already granted and to be granted (including options exercised, cancelled and outstanding) to such person in a 12-month period up to and including the date of such grant in excess of 0.1% of the Shares in issue and with an aggregate value (based on the closing price of the Shares at the date of the grant) in excess of HK\$5 million, is subject to shareholders' approval in advance in a general meeting of the Company.

The period during which an option may be exercised is determined by the board of directors of the Company in its absolute discretion, save that such period shall not be longer than 10 years from the date of grant. The minimum period for which an option must be held before it can be exercised is determined by the board of directors upon the grant of an option.

An option shall be deemed to have been granted and accepted by the grantee and to have taken effect when the duplicate offer document constituting acceptance of the option is duly signed by the grantee, together with a remittance in favour of the Company of HK\$1.00 as consideration for the grant of the option, is received by the Company within 28 days after the date of offer.

The exercise price of share options is determined by the directors of the Company, but shall not be less than the highest of (i) the nominal value of the Shares; (ii) the closing price of the Shares as stated in the daily quotation sheets of the Stock Exchange on the date of grant of the share options; and (iii) the average closing price of the Shares as stated in the daily quotation sheets of the Stock Exchange for the five business days immediately preceding the date of grant.

No options were granted by the Company, exercised, cancelled or lapsed under the Scheme and no equity-settled employees' benefit (including directors' emoluments) was recognised during the years ended 31 March 2022 and 2021. There was no share option outstanding under the Scheme as at 1 April 2021, during the year ended 31 March 2022 and as at 31 March 2022.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

(Expressed in Hong Kong dollars)

29 RETIREMENT BENEFIT PLAN

The Group operates a MPF Scheme for all qualifying employees in Hong Kong under the Mandatory Provident Fund Schemes Ordinance. The assets of the MPF Scheme are held separately from those of the Group in funds under the control of an independent trustee. Under the rule of the MPF Scheme, the employer and its employees are each required to make contributions to the scheme at a rate of 5% specified in the rules, but subject to a cap. The only obligation of the Group with respect of MPF Scheme is to make the required contributions under the scheme. Contribution to the plan vest immediately, there is no forfeited contribution that may be used by the Group to reduce the existing level of contribution.

The total expenses recognised in profit or loss of HK\$222,000 (2021: HK\$216,000) represents contributions paid and payable to these plans by the Group at rates specified in the rules of the plan.

30 DISPOSAL OF SUBSIDIARIES

During the year ended 31 March 2021, the Group has disposed of its entire equity interest in Trend Brilliant Limited, Brighter Star Limited and Bright Key Limited at cash consideration of HK\$1, HK\$780 and HK\$1 respectively. Upon completion of the disposal, the three companies ceased to be wholly owned subsidiaries of the Group. The net liabilities disposed of are as follows:

	<i>HK\$'000</i>
Analysis of assets and liabilities over which control was lost	
Cash and bank balances	2
Accruals	(8,527)
Net liabilities disposed of	(8,525)
Gain on disposal of subsidiaries	
Consideration	—*
Net liabilities disposed of	(8,525)
Gain on disposal	(8,525)
Net cash outflow arising on disposal	
Cash consideration	—*
Cash and bank balances disposed of	(2)
Net cash outflow arising on disposal	(2)

* Below HK\$1,000

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

(Expressed in Hong Kong dollars)

31 CAPITAL RISK MANAGEMENT

The Group manages its capital to ensure that entities in the Group will be able to continue as a going concern while maximising the return to the shareholders through the optimisation of the debt and equity balance. The Group's overall strategy remains unchanged from prior year.

The capital structure of the Group consists of debt, which includes the borrowings and bonds disclosed in notes 22 and 23 respectively, and deficit attributable to owners of the Company, comprising issued share capital and deficit.

The directors of the Company review the capital structure on a regular basis. As part of this review, the directors of the Company consider the cost of capital and the risks associated with each class of capital. Based on recommendations of the directors of the Company, the Group will balance its overall capital structure through the payment of dividends and new share issues as well as the issue of new debt or the redemption of existing debt.

32 FINANCIAL INSTRUMENTS

Categories of financial instruments

	2022 <i>HK\$'000</i>	2021 <i>HK\$'000</i>
Financial assets at amortised cost		
Trade and other receivables	6,052	6,010
Deposits	185	111
Cash and cash equivalents	1,875	1,112
	8,112	7,233
Financial liabilities at amortised cost		
Trade and other payables	(32,449)	(59,211)
Borrowings	(33,060)	(30,667)
Bonds	(10,402)	(9,570)
	(75,911)	(99,448)

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

(Expressed in Hong Kong dollars)

33 FINANCIAL RISK MANAGEMENT, OBJECTIVES AND POLICIES

The Group's major financial instruments are set out in note 32. Details of the financial instruments are disclosed in respective notes.

The risks associated with these financial instruments include market risk (interest rate risk), credit risk, liquidity risk and risks arising from the interest rate benchmark reform. The policies on how to mitigate these risks are set out below. The management of the Group manages and monitors these exposures to ensure appropriate measures are implemented on a timely and effective manner.

(a) Market risk

Interest rate risk

Bank balances bearing interests at variable rates expose the Group to cash flow interest rate risk. Borrowings and bonds bearing interest at fixed rates expose the Group to fair value interest rate risk.

The directors consider that interest rate risk of bank balances is insignificant and accordingly no sensitivity analysis is presented.

(b) Credit risk and impairment assessment

Credit risk refers to the risk that the Group's counterparties default on their contractual obligations resulting in financial losses to the Group. The Group's credit risk exposures are primarily attributable to trade and other receivables, deposits and bank balances. The Group does not hold any collateral or other credit enhancements to cover its credit risks associated with its financial assets.

As at 31 March 2022 and 2021, the carrying amount of the respective recognised financial assets as stated in the consolidated statement of financial position best represents the Group's maximum exposure to credit risk in the event of the counterparties failure to perform their obligations at the end of the reporting period.

In order to minimise the credit risk, the management has delegated a team responsible for determination of credit limits, credit approvals and other monitoring procedures to ensure that follow-up action is taken to recover overdue debts. In this regard, the directors of the Company consider that the Group's credit risk is significantly reduced.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

(Expressed in Hong Kong dollars)

33 FINANCIAL RISK MANAGEMENT, OBJECTIVES AND POLICIES (Continued)

(b) Credit risk and impairment assessment (Continued)

Bank balances

As at 31 March 2022, the Group performed impairment assessment on bank balances and concluded that the probability of defaults of the counterparty banks, with good reputation, are insignificant and accordingly, no allowance for credit losses is provided (2021: Nil).

Deposits and other receivables

In determining the ECL for deposits and other receivables, the directors have made individual assessment on the recoverability of deposits and other receivables based on historical settlement records, past experience, and also forward-looking information, as appropriate, for example, the Group has considered the consistently low historical default rate in connection with payments, and concluded that credit risk inherent in the Group's deposits and other receivables are insignificant.

Trade receivables

The Group has concentration of credit risk as 77% (2021: 69%) of the total gross trade receivables was due from the Group's trade debtors which are over 10% (2021: 10%) of the total gross trade receivables, and 86% (2021: 92%) of the total gross trade receivables was due from the five largest debtors, respectively.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

(Expressed in Hong Kong dollars)

33 FINANCIAL RISK MANAGEMENT, OBJECTIVES AND POLICIES (Continued)

(b) Credit risk and impairment assessment (Continued)

Trade receivables (Continued)

The Group's internal credit risk grading assessment comprises the following categories:

Internal credit rating	Description	Trade receivables	Other financial assets
Group A	The counterparty has low risk of default and does not have any past-due amounts	Lifetime ECL – not credit impaired	12-month ECL – not credit impaired
Group B	Debtor frequently repays after due dates but usually settle in full	Lifetime ECL – not credit impaired	12-month ECL – not credit impaired
Group C	There have been significant increases in credit risk since initial recognition through information developed internally or external sources	Lifetime ECL – not credit impaired	Lifetime ECL – not credit impaired
Group D	There is evidence indicating the asset is credit-impaired	Lifetime ECL – credit impaired	Lifetime ECL – credit impaired
Group E	There is evidence indicating that the debtor is in severe financial difficulty and the Group has no realistic prospect of recovery	Amount is written off	Amount is written off

The table below details the credit risk exposures of the Group's financial assets which are subject to ECL assessment:

Financial assets at amortised cost	<i>Notes</i>	External credit rating	Internal credit rating	12-month or lifetime ECL
Trade receivables	18	N/A	(Note 1) Group D	Lifetime ECL – provision matrix Lifetime ECL – credit-impaired
Other receivables	18	N/A	(Note 2)	12-month ECL
Deposits	19	N/A	(Note 2)	12-month ECL
Bank balances	20	A – A+	N/A	12-month ECL

Note 1: For trade receivables, the Group has applied the simplified approach in HKFRS 9 to measure the loss allowance at lifetime ECL. Except for debtors which are credit-impaired, the Group determines the ECL on these items by using a provision matrix, grouped by internal credit rating based on historical repayment records and reputation.

Note 2: For the purposes of internal credit risk management, the Group uses past due information to assess whether credit risk has increased significantly since initial recognition.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

(Expressed in Hong Kong dollars)

33 FINANCIAL RISK MANAGEMENT, OBJECTIVES AND POLICIES (Continued)

(b) Credit risk and impairment assessment (Continued)

Trade receivables (Continued)

As part of the Group's credit risk management, the Group applies internal credit rating for its customers in relation to its operation. The following table provides information about the exposure to credit risk for trade receivables which are assessed based on provision matrix within lifetime ECL:

	2022			
	Average loss rate	Gross carrying amount HK\$'000	Loss allowance HK\$'000	Net carrying amount HK\$'000
Internal credit rating				
Group A	0.22%	5,839	(13)	5,826
Group B	4.07%	123	(5)	118
		5,962	(18)	5,944
	2021			
	Average loss rate	Gross carrying amount HK\$'000	Loss allowance HK\$'000	Net carrying amount HK\$'000
Internal credit rating				
Group A	1.30%	4,699	(61)	4,638
Group B	4.62%	1,320	(61)	1,259
Group C	18.84%	69	(13)	56
		6,088	(135)	5,953

The estimated loss rates are estimated based on historical observed default rates over the expected life of the debtors and are adjusted for forward-looking information that is available without undue cost or effort. The grouping is regularly reviewed by management to ensure relevant information about specific debtors is updated.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

(Expressed in Hong Kong dollars)

33 FINANCIAL RISK MANAGEMENT, OBJECTIVES AND POLICIES (Continued)

(b) Credit risk and impairment assessment (Continued)

Trade receivables (Continued)

The following table shows the movement of lifetime ECL that has been recognised for trade receivables under the simplified approach:

	<i>HK\$'000</i>
At 1 April 2020	626
Reversal of impairment loss recognised, net	(491)
At 31 March 2021 and 1 April 2021	135
Reversal of impairment loss recognised, net	(117)
At 31 March 2022	18

(c) Liquidity risk

In the management of the liquidity risk, the Group monitors and maintains a level of cash and cash equivalents deemed adequate by the management to finance the Group's operations and mitigate the effects of fluctuations in cash flows. The management of the Group monitors the utilisation of borrowings and ensures compliance with loan covenants.

The Group relies on borrowings as a significant source of liquidity. As at 31 March 2022, the Group has available unutilised credit facilities of HK\$28,090,000 (2021: HK\$1,633,000).

The following table details the Group's remaining contractual maturity for its financial liabilities. The table has been drawn up based on the undiscounted cash flows of financial liabilities based on the earliest date on which the Group can be required to pay. Specifically, borrowings with a repayment on demand clause are included in the earliest time band regardless of the probability of the counterparties choosing to exercise their rights. The maturity dates for the financial liabilities are based on the agreed repayment dates.

The table includes both interest and principal cash flows. To the extent that interest flows are floating rate, the undiscounted amount is derived from interest rate at the end of the reporting period.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

(Expressed in Hong Kong dollars)

33 FINANCIAL RISK MANAGEMENT, OBJECTIVES AND POLICIES (Continued)

(c) Liquidity risk (Continued)

	2022					
	Weighted average interest rate	On demand or within 1 year HK\$'000	After 1 year but within 2 years HK\$'000	After 2 years but within 5 years HK\$'000	Total undiscounted cash flows HK\$'000	Carrying amount HK\$'000
Trade and other payables	–	26,076	–	6,373	32,449	32,449
Borrowings	8.37%	14,278	–	21,893	36,171	33,060
Bonds	5.89%	10,607	–	–	10,607	10,402
		50,961	–	28,266	79,227	75,911

	2021					
	Weighted average interest rate	On demand or within 1 year HK\$'000	After 1 year but within 2 years HK\$'000	After 2 years but within 5 years HK\$'000	Total undiscounted cash flows HK\$'000	Carrying amount HK\$'000
Trade and other payables	–	23,193	36,018	–	59,211	59,211
Borrowings	10.13%	12,989	–	19,746	32,735	30,667
Bonds	5.89%	–	10,607	–	10,607	9,570
		36,182	46,625	19,746	102,553	99,448

The amounts included above for variable interest rate instruments are subject to change if changes in variable interest rates differ to those estimates of interest rates determined at the end of the reporting period.

At 31 March 2022, the Group had net current liabilities of approximately HK\$39,444,000 and net liabilities of approximately HK\$62,750,000. The directors of the Company have taken certain measures to improve the Group's liquidity position and mitigate its liquidity risk as disclosed above.

(d) Fair value measurements of financial instruments

The fair values of financial assets and financial liabilities are determined based on discounted cash flow analysis.

The directors of the Company consider that the carrying amount of financial assets and financial liabilities recorded at amortised cost in the consolidated financial statements approximate their fair values.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

(Expressed in Hong Kong dollars)

34 RECONCILIATION OF LIABILITIES ARISING FROM FINANCING ACTIVITIES

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

	Borrowings (Note 22) <i>HK\$'000</i>	Bonds (Note 23) <i>HK\$'000</i>	Total <i>HK\$'000</i>
At 1 April 2020	64,095	18,826	82,921
Repayment of bonds	–	(5,880)	(5,880)
Settlement of bonds by issue shares	–	(3,920)	(3,920)
Interest expenses	4,322	1,262	5,584
New borrowings raised	12,000	–	12,000
Repayment of borrowings	(49,270)	–	(49,270)
Interest paid	(480)	(718)	(1,198)
At 31 March 2021 and 1 April 2021	30,667	9,570	40,237
Interest expenses	4,032	832	4,864
New borrowings raised	5,000	–	5,000
Repayment of borrowings	(5,092)	–	(5,092)
Interest paid	(1,547)	–	(1,547)
At 31 March 2022	33,060	10,402	43,462

35 RELATED PARTY DISCLOSURES

(a) Compensation of key management personnel

Remuneration for key management personnel of the Group, including amounts paid to the directors of the Company and certain of the highest paid employee as disclosed in notes 11 and 12, is as follows:

	2022 <i>HK\$'000</i>	2021 <i>HK\$'000</i>
Short-term benefits	3,947	3,441
Post-employment benefits	85	94
	4,032	3,535

(b) Other related party transactions

During the years ended 31 March 2022 and 2021, a related company has provided the rights to use of an office premise as the Company's principal place of business without any charge.

Save as disclosed above and elsewhere in these consolidated financial statements, the Group did not have any material related party transactions during the years ended 31 March 2022 and 2021.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

(Expressed in Hong Kong dollars)

36 PRINCIPAL SUBSIDIARIES

The table below lists the subsidiaries of the Company which, in the opinion of the directors of the Company, principally affected the results or assets of the Group. To give details of other subsidiaries would, in the opinion of the directors of the Company, result in particulars of excessive length.

Name of subsidiary	Place of incorporation/ operations	Class of shares held	Paid up issued capital	Proportion of nominal value of issued capital/ registered capital held by the Company				Proportion of voting power held		Principal activities
				Directly		Indirectly				
				2022 %	2021 %	2022 %	2021 %	2022 %	2021 %	
CPWorks Limited	Hong Kong/ Hong Kong	Ordinary shares	HK\$10,000	-	-	51	51	51	51	Provision of services and solutions on cyber security to customers
Anyplex Hong Kong Limited	Hong Kong/ Hong Kong	Ordinary shares	HK\$17,000,000	-	-	85	85	85	85	Providing multi-media related services and content

None of the subsidiaries had issued any debt securities at the end of the year.

Details of the Group's non-wholly owned subsidiaries that have material non-controlling interests

The table below shows details of non-wholly owned subsidiaries of the Group that have material non-controlling interests:

Name of subsidiary	Place of incorporation/ operations	Proportion of ownership interests and voting rights held by non-controlling interests		Total comprehensive (expense)/income to non-controlling interests		Accumulated non-controlling interests	
		2022 %	2021 %	2022 HK\$'000	2021 HK\$'000	2022 HK\$'000	2021 HK\$'000
		CPWorks Limited	Hong Kong/ Hong Kong	49	49	(57)	575
FWI Group	BVI/ Hong Kong	15	15	331	861	(4,701)	(5,032)
				274	1,436	(7,979)	(8,253)

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

(Expressed in Hong Kong dollars)

36 PRINCIPAL SUBSIDIARIES (Continued)**Details of the Group's non-wholly owned subsidiaries that have material non-controlling interests (Continued)**

Summarised financial information in respect of each Group's subsidiaries that has material non-controlling interests is set out below. The summarised financial information below represents amounts before intragroup eliminations.

	CPWorks Limited		FWI Group	
	2022 HK\$'000	2021 HK\$'000	2022 HK\$'000	2021 HK\$'000
Financial position				
Current assets	177	309	13,793	8,998
Non-current assets	–	–	800	1,304
Current liabilities	(7,172)	(7,188)	(31,101)	(14,619)
Non-current liabilities	–	–	(39,309)	(53,704)
Net liabilities	(6,995)	(6,879)	(55,817)	(58,021)
Financial performance				
Revenue	381	1,743	35,803	31,094
Expenses	(497)	(569)	(33,580)	(25,180)
(Loss)/profit for the year	(116)	1,174	2,223	5,914
(Loss)/profit for the year attributable to:				
– owners of the Company	(59)	599	1,889	5,027
– non-controlling interests	(57)	575	334	887
	(116)	1,174	2,223	5,914
Total comprehensive (expense)/income for the year attributable to:				
– owners of the Company	(59)	599	1,873	4,871
– non-controlling interests	(57)	575	331	861
	(116)	1,174	2,204	5,732
Cash flows				
Net cash (outflow)/inflow from:				
– operating activities	(52)	26	(1,992)	(2,098)
– investing activities	–	20	(65)	(361)
– financing activities	(80)	–	2,964	2,000
	(132)	46	907	(459)

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

(Expressed in Hong Kong dollars)

37 STATEMENT OF FINANCIAL POSITION AND EQUITY OF THE COMPANY

	2022 HK\$'000	2021 HK\$'000
Non-current assets		
Investments in subsidiaries	–	2
Current assets		
Amounts due from subsidiaries	–	5,428
Cash and cash equivalents	12	24
	12	5,452
Current liabilities		
Other payables	6,971	6,326
Borrowings	7,454	10,127
Bonds	10,402	–
Amounts due to subsidiaries	–	333
	24,827	16,786
Net current liabilities	(24,815)	(11,334)
Total assets less current liabilities	(24,815)	(11,332)
Non-current liabilities		
Bonds	–	9,570
Provisions	9,828	–
	9,828	9,570
NET LIABILITIES	(34,643)	(20,902)
Capital and reserves		
Share capital	1,078	909
Reserves (Note)	(35,721)	(21,811)
TOTAL DEFICIT	(34,643)	(20,902)

Note:

	Share premium HK\$'000	Capital reserve HK\$'000	Accumulated losses HK\$'000	Total HK\$'000
At 1 April 2020	510,565	1,200	(591,253)	(79,488)
Loss and total comprehensive expense for the year	–	–	(14,122)	(14,122)
Issue of rights shares (note 26(b))	56,230	–	–	56,230
Issue of shares (note 26(c))	15,569	–	–	15,569
At 31 March 2021	582,364	1,200	(605,375)	(21,811)
At 1 April 2021	582,364	1,200	(605,375)	(21,811)
Loss and total comprehensive expense for the year	–	–	(46,033)	(46,033)
Issue of shares (note 26(d))	32,123	–	–	32,123
At 31 March 2022	614,487	1,200	(651,408)	(35,721)

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

(Expressed in Hong Kong dollars)

38 EVENTS AFTER THE REPORTING PERIOD

On 21 June 2022, the Company received an another writ of summons (the “Writ 2”). Under the Writ 2, Ms. Yu claims against the Company for tort for the same affairs as described in the Writ 1. On 12 December 2022, the legal counsel is of the view that subject to any appeal, the case of the Writ 2 has been dismissed that there will be no liability arising therefrom.

Save as the above, notes 2 and 11 to the consolidated financial statements and elsewhere in the annual report, the Group does not have other significant events after the reporting period.

39 CHANGES IN PRESENTATION OF THE CONSOLIDATED FINANCIAL STATEMENTS

Certain comparative figures of the consolidated financial statements have been reclassified to conform with the current year’s presentation.

FIVE YEAR SUMMARY

FIVE YEAR SUMMARY

	Continued and discontinued operation				
	For the year ended 31 March				
	2022	2021	2020	2019	2018
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
Revenue	36,184	32,837	36,345	55,310	53,296
Loss before tax	(29,003)	(8,267)	(32,554)	(38,599)	(91,841)
Loss for the year	(27,867)	(7,137)	(40,712)	(36,368)	(91,300)
Attributable to:					
Owners of the Company	(28,144)	(8,599)	(39,134)	(33,589)	(86,135)
Non-controlling interests	277	1,462	(1,578)	(2,779)	(5,165)
	(27,867)	(7,137)	(40,712)	(36,368)	(91,300)
	As at 31 March				
	2022	2021	2020	2019	2018
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
Total assets	24,789	34,617	39,879	97,702	438,228
Total liabilities	(87,539)	(101,774)	(172,283)	(189,304)	(498,229)
	(62,750)	(67,157)	(132,404)	(91,602)	(60,001)
Deficit attributable to					
owners of the Company	(54,771)	(58,904)	(122,715)	(83,511)	(54,677)
Non-controlling interests	(7,979)	(8,253)	(9,689)	(8,091)	(5,324)
	(62,750)	(67,157)	(132,404)	(91,602)	(60,001)