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hmVOD

hmvod Limited
hmvod 視 頻 有 限 公 司

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 8103)

Placing Agent



PLACING OF CONVERTIBLE BONDS UNDER GENERAL MANDATE

PLACING OF CONVERTIBLE BONDS

The Board is pleased to announce that on 28 June 2023 (after trading hours), the Company entered into the CB Placing Agreement with the Placing Agent pursuant to which the Company agreed to issue and the Placing Agent agreed to procure, on a best effort basis, not less than six (6) placees, who and whose ultimate beneficial owners will be Independent Third Parties, to subscribe in cash for the Convertible Bonds of up to an aggregate principal amount of HK\$12,942,000 at the issue price of 100% of the principal amount of the Convertible Bonds.

As at the date of this announcement, the Company has 107,873,248 Shares in issue. Based on the Conversion Price of HK\$0.60, a maximum number of 21,570,000 Conversion Shares shall be allotted and issued upon exercise in full of the conversion rights attaching to the Convertible Bonds, representing approximately 20.00% of the existing issued share capital of the Company and approximately 16.66% of the issued share capital of the Company as enlarged by the issue and allotment of the Conversion Shares.

Assuming full exercise of the conversion rights attaching to the Convertible Bonds at the initial Conversion Price of HK\$0.60 per Conversion Share, a maximum of 21,570,000 new Shares will be allotted and issued by the Company, representing (i) approximately 20.00% of the total number of issued Shares as at the date of this announcement; and (ii) approximately 16.66% of the total number of issued Shares as enlarged by the issue of 21,570,000 Conversion Shares (assuming there is no other change in the issued share capital of the Company between the date of this announcement and the full conversion of the Convertible Bonds).

Assuming all the Convertible Bonds are successfully placed by the Placing Agent, the net proceeds from the CB Placing will be approximately HK\$12.9 million, which will be used by the Company for repayment of loan and general working capital.

The Conversion Shares will be allotted and issued pursuant to the General Mandate which are not subject to Shareholders' approval. No application will be made for the listing of the Convertible Bonds on the Stock Exchange or any other stock exchange. An application will be made by the Company to the Listing Committee for the listing of, and permission to deal in, the Conversion Shares.

Shareholders and potential investors of the Company should note that the CB Placing is subject to the fulfilment of the conditions precedent under the CB Placing Agreement. As the CB Placing may or may not proceed, Shareholders and potential investors of the Company are reminded to exercise caution when dealing in the securities of the Company.

PLACING OF CONVERTIBLE BONDS

On 28 June 2023 (after trading hours), the Company entered into the CB Placing Agreement with the Placing Agent, pursuant to which the Company agreed to issue and the Placing Agent agreed to procure, on a best effort basis, not less than six (6) Placees, who and whose ultimate beneficial owners will be Independent Third Parties, to subscribe in cash for the Convertible Bonds of up to an aggregate principal amount of HK\$12,942,000 at the issue price of 100% of the principal amount of the Convertible Bonds.

Set out below are the principal terms of the CB Placing Agreement:

Date: 28 June 2023

Parties: (i) the Company as issuer; and

(ii) Koala Securities Limited as the placing agent

To the best of the Directors' knowledge, information and belief having made all reasonable enquiry, the Placing Agent and its ultimate beneficial owner(s) are Independent Third Parties.

CB Placing commission

In consideration of the services of the Placing Agent in connection with the CB Placing, the Company shall pay the Placing Agent a placing commission of 1% of the total principal amount of the Convertible Bonds to be issued under the CB Placing Agreement. The placing commission is arrived at after arm's length negotiations between the Company and the Placing Agent.

CB Placing

Pursuant to the CB Placing Agreement, the Company agreed to issue and the Placing Agent agreed to procure, on a best effort basis, not less than six (6) placees, who and whose ultimate beneficial owners will be Independent Third Parties, to subscribe in cash for the Convertible Bonds of up to an aggregate principal amount of HK\$12,942,000 at the issue price of 100% of the principal amount of the Convertible Bonds.

Conditions of the CB Placing

The CB Placing is conditional upon:

- (i) the Listing Committee of the Stock Exchange granting the approval for the listing of, and the permission to deal in, the Conversion Shares;
- (ii) if required, all necessary consents and approvals required to be obtained on the part of the Company in respect of the CB Placing Agreement and the transactions contemplated thereunder having been obtained; and
- (iii) none of the warranties given by the Company under the CB Placing Agreement having been breached in any material respect (or, if capable of being remedied, has not been remedied), or is misleading or untrue in any material respect.

The Company shall use its best endeavours to procure the fulfilment of the conditions precedent set out in conditions (i), (ii) and (iii) above as soon as practicable and in any event on or before the Long Stop Date. The conditions precedent set out in conditions (i) and (ii) are incapable of being waived and the Placing Agent may at any time by notice in writing waive the condition (iii).

In the event that the conditions precedent of the CB Placing are not fulfilled (or waived, if applicable) on or before the Long Stop Date, all rights, obligations and liabilities of the parties to the CB Placing Agreement shall cease and terminate and neither of the parties shall have any claim against the other save for any antecedent breach of any right or obligation under CB Placing Agreement prior to such termination.

Completion

Completion of the CB Placing shall take place within three (3) Business Days after the fulfilment (or waived, if applicable) of the above conditions precedent (or on such later date as the Company and the Placing Agent may agree in writing).

Termination

The Placing Agent shall be entitled by notice to the Company given prior to 6:00 p.m. on the Business Day immediately preceding the date of Completion to forthwith terminate the CB Placing Agreement if any specified event comes to the attention of the Placing Agent.

If notice is given pursuant to the above, the CB Placing Agreement shall terminate and be of no further effect and neither party shall be under any liability to the other party in respect of the CB Placing Agreement save for any antecedent breach under the CB Placing Agreement.

Principal terms of the Convertible Bonds

Issuer:	The Company
Issue price:	100% of the principal amount
Principal amount:	Up to HK\$12,942,000
Conversion price:	The Conversion Price per Conversion Share shall be HK\$0.60
Interest rate:	3.0% per annum (payable annually)
Adjustment events:	<p>The Conversion Price shall from time to time be adjusted in accordance with the relevant provisions under the terms and conditions of the Convertible Bonds upon occurrence of the following events:</p> <ul style="list-style-type: none">(a) an alteration of the nominal amount of the Shares by reason of consolidation or subdivision;(b) an issue of Shares credited as fully paid to Shareholders by way of capitalization of profits or reserves (including any share premium account or capital redemption reserve);(c) a capital distribution (as such term is defined in the conditions of the Convertible Bonds) to Shareholders being made by the Company;(d) offer to the Shareholders new Shares for subscription by way of rights, or a granting the Shareholders any options or warrants to subscribe for new Shares, at a price which is less than the market price per Share at the date of the announcement of the terms of the offer or grant;

- (e) an issue of Shares being made wholly for cash at a price less than the greater of either the closing price per Share at the date of the announcement of the terms of issue of such Shares or the Conversion Price in effect immediately prior to the date of the announcement of the terms of issue of such Shares;
- (f) an issue wholly for cash of any securities which are convertible into or exchangeable for or carry rights of subscription for new Shares, in any case the relevant consideration per new Share initially receivable is less than the market price at the date of the announcement of the terms of issue of such securities;
- (g) modification of the rights of conversion, exchange or subscription attaching to any such securities mentioned in (f) above arises, so that the relevant consideration per new Share initially receivable is less than the market price at the date of announcement of the proposal to modify such rights of conversion or exchange or subscription; and
- (h) an issue of the Shares for the acquisition of any asset at a price per Share which is less than the market price at the date of the announcement of the terms of such issue.

Conversion Shares:

Based on the Conversion Price of HK\$0.60, a maximum number of 21,570,000 Conversion Shares shall be allotted and issued upon exercise in full of the conversion rights attaching to the Convertible Bonds, representing (i) approximately 20.00% of the existing issued share capital of the company as at the date of this announcement and (ii) approximately 16.66% of the issued share capital of the company as enlarged by the issue and allotment of the Conversion Shares.

Conversion Period:

One calendar year period commencing from (and including) the Bond Issue Date

Conversion rights: Bondholder shall have the right, exercisable during the Conversion Period by delivering a written notice (the “**Conversion Notice**”) to the Company, to convert the whole or any part (in multiples of HK\$500,000) of the outstanding principal amount of the Convertible Bonds held by such holder of the Convertible Bonds into such number of Conversion Shares as will be determined by dividing the principal amount of the Convertible Bonds to be converted by the Conversion Price in effect on the date of conversion.

No fraction of a Share shall be issued on conversion of the Convertible Bonds. Fractional entitlements shall be ignored and any sum paid in respect thereof shall be retained by the Company for its own benefit.

Redemption at maturity: Unless previously purchased or converted for the Conversion Shares, the Company shall on the Bond Maturity Date redeem the outstanding principal amount of the Convertible Bonds.

Transfer restrictions: The Bondholder may not assign or transfer the Convertible Bonds without the prior written consent of the Company. Subject to the receipt of such consent, the Convertible Bonds may be assigned or transferred to any third party which is not a connected person (as defined in the Listing Rules) of the Company, subject only to compliance of the conditions hereunder and further subject to the conditions, approvals, requirements and any other provisions of or under:

- (a) the Stock Exchange (and any other stock exchange on which the Shares may be listed at the relevant time) or their rules and regulations;
- (b) the approval for listing in respect of the Conversion Shares; and
- (c) all applicable laws and regulations.

Events of default:

If any of the events specified below occurs, the sole remedy of the Bondholder shall be to give notice to the Company that the Convertible Bond is immediately due and payable at its principal amount then outstanding:

- (a) The Company fails to make any payment under the Convertible Bond when due;
- (b) A receiver is appointed for any material part of the Issuer's property, the Issuer makes a general assignment for the benefit of creditors, or the Company becomes a debtor or alleged debtor under applicable law or regulation or becomes the subject of any other bankruptcy or similar proceeding for the general adjustment of its debts or for its liquidation;
- (c) The Company breaches any of its material obligations under the Subscription Agreements or any other financing document and does not cure such breach within a specified timeframe; and
- (d) The Company's Board of Directors or Shareholders adopt a resolution for the liquidation, dissolution or winding up of the Company.

provided that notwithstanding the foregoing, if the Company shall fail to issue any Conversion Shares in accordance with the conditions the Bondholder shall be entitled to bring an action against the Company for either specific performance or damages.

Application for listing:

No application will be made for the listing of the Convertible Bonds on the Stock Exchange or any other stock or securities exchange. Application will be made by the Company for the listing of, and permission to deal in, the Conversion Shares.

Ranking:

The Conversion Shares upon issue shall rank pari passu with all other Shares in issue at the time of issue of the Conversion Shares.

GENERAL MANDATE TO ISSUE AND ALLOT THE CONVERSION SHARES

At the annual general meeting of the Company held on 12 May 2023, a resolution of the Shareholders was passed to grant to the Directors the General Mandate to allot, issue and otherwise deal with new Shares not exceeding 20% of the aggregate nominal amount of the share capital of the Company in issue as at the date of passing such resolution. The Company is authorized to allot and issue a maximum of 21,574,649 Shares under the General Mandate.

As at the date of this announcement, the General Mandate has yet been utilized. Accordingly, the CB Placing Agreement and the transactions contemplated therein including the issue and allotment of Conversion Shares under the General Mandate are not subject to Shareholders' approval.

REASONS FOR THE ISSUE OF CONVERTIBLE BONDS AND USE OF PROCEEDS

The Group is principally engaged in provision of over-the-top (“OTT”) services. The OTT services segment involves provision of multi-media related services and content to customers in Hong Kong and Taiwan via its own digital video rental platform. As disclosed in the report of the Group for the year ended 31 March 2022, the Group recorded net current liabilities and net liabilities of approximately HK\$39.4 million and approximately HK\$62.8 million as at 31 March 2022 respectively while the bank balances and cash of the Group amounted to approximately HK\$1.9 million as at 31 March 2022.

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 12 May 2023, which would provide the Company with the flexibility and ability to capture appropriate capital raising or business opportunities in a timely manner, the Company intends to utilise the General Mandate and to conduct a fund raising exercise by way of issuance of Convertible Bonds.

The Directors consider that the issuance of Convertible Bonds offers a good and flexible opportunity to raise further capital in a relatively cost-effective and time efficient manner as well as to obtain funding for the operations of the Group. The Directors consider that the terms of CB Placing Agreement are on normal commercial terms, fair and reasonable and in the interests of the Group and the Shareholders as a whole.

Assuming all the Convertible Bonds are successfully placed by the Placing Agent, the net proceeds from the CB Placing will be approximately HK\$12.9 million, which will be used by the Company for repayment of loan and general working capital. The Company shall use its internal resources to settle the professional fees and all related expenses in connection with the issue of the Convertible Bonds.

INFORMATION ON THE COMPANY

The Company is a company incorporated in Cayman Islands with limited liability, and the Group is principally engaged in provision of over-the-top (“OTT”) services. The OTT services segment involves provision of multi-media related services and content to customers in Hong Kong and Taiwan via its own digital video rental platform.

EFFECTS ON SHAREHOLDING STRUCTURE

The shareholding structure of the Company (i) as at the date of this announcement; and (ii) for illustration purpose only, immediately after the allotment and issue of the Conversion Shares in full upon exercise of the conversion rights under the Convertible Bonds (on the assumptions that the Conversion Price being HK\$0.60 and there is no further allotment of Shares from the date of this announcement other than the Conversion Shares) are as follows:

	Existing Shareholding structure as at the date of this announcement		Shareholding structure immediately upon full conversion of the Convertible Bond	
	<i>Number of Shares</i>	<i>Approximate %</i>	<i>Number of Shares</i>	<i>Approximate %</i>
Substantial Shareholder				
Masan Multi Strategy				
Fund SPC – Masan HK				
Equity Fund SP	8,139,000	7.54	8,139,000	6.29%
Placees	–	–	21,570,000	16.66%
Other Public Shareholders	<u>99,734,248</u>	<u>92.46%</u>	<u>99,734,248</u>	<u>77.05%</u>
Total	<u>107,873,248</u>	<u>100.00</u>	<u>129,443,248</u>	<u>100.00</u>

EQUITY FUND-RAISING ACTIVITIES IN THE PAST TWELVE MONTHS

The Company did not conduct any equity fund raising activities in the past 12 months immediately preceding the date of this announcement.

GENERAL

Shareholders and potential investors of the Company should note that the CB Placing is subject to the fulfilment of the conditions precedent under the CB Placing Agreement. As the CB Placing may or may not proceed, Shareholders and potential investors of the Company are reminded to exercise caution when dealing in the securities of the Company.

DEFINITIONS

In this announcement, unless the context otherwise requires, the following expressions shall have the following meanings:

“associates”	has the meaning ascribed thereto in the Listing Rules;
“Board”	the board of Directors of the Company;
“Bond Issue Date”	the date on which the Convertible Bonds are issued;
“Bond Maturity Date”	the date falling one year anniversary of the Bond Issue Date;
“Bondholder”	holder of the Convertible Bonds;
“Business Day(s)”	any day (excluding Saturdays, Sundays, public holidays and days on which a tropical cyclone warning No. 8 or above a “black rainstorm warning signal” is hoisted in Hong Kong at any time between 9:00 a.m. and 5:00 p.m.) on which licensed banks generally are open for general banking business in Hong Kong;
“CB Holder(s)”	holder(s) of the Convertible Bonds;
“CB Placing”	the placing of the Convertible Bonds pursuant to the terms and conditions of the CB Placing Agreement under the Specific Mandate;
“CB Placing Agreement”	the conditional placing agreement dated 28 June 2023 and entered into between the Company as issuer and the Placing Agent as placing agent in relation to the CB Placing;
“Company”	hmvod Limited, a company incorporated in the Cayman Islands with limited liability, the issued Shares of which are listed on the GEM (stock code: 8103);

“Completion”	completion of the CB Placing;
“Completion Date”	the date of Completion;
“connected person(s)”	has the meaning ascribed thereto in the Listing Rules;
“Conversion Date”	a day when the conversion rights attaching to the Convertible Bonds are exercised;
“Conversion Price”	the initial conversion price of HK\$0.60 per Conversion Share, subject to adjustments;
“Conversion Shares”	the Shares to be issued by the Company upon exercise by the Bondholder of the conversion rights attached to the Convertible Bonds;
“Convertible Bonds”	the 3% coupon convertible bond due on one year anniversary of the issue date in the principal amount of HK\$12,942,000 to be issued by the Company to the Placees pursuant to the CB Placing Agreement;
“Director(s)”	director(s) of the Company;
“General Mandate”	the general mandate granted to the Directors at the annual general meeting of the Company held on 12 May 2023 to allot, issue or deal with up to 21,574,649 Shares;
“Group”	the Company and its subsidiaries from time to time;
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong;
“Hong Kong”	the Hong Kong Special Administrative Region of the People’s Republic of China;
“Independent Third Party(ies)”	third party(ies) independent of, and not connected with or acting in concert with the directors, chief executives or substantial shareholders of the Company, any of its subsidiaries or their respective associates;
“Listing Committee”	has the meaning ascribed to it in the Listing Rules;
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange;

“Long Stop Date”	28 August 2023;
“Placee(s)”	any professional, institutional and/or other investor(s) to whom the Placing Agent or its agents shall procure or, as the case may be, shall have procured to subscribe for the Convertible Bonds pursuant to the CB Placing Agreement;
“Placing Agent”	Koala Securities Limited, a licensed corporation to carry out business in type 1 (dealing in securities) and type 4 (advising on securities) regulated activities under the SFO;
“Shareholder(s)”	holder(s) of the Shares;
“Shares”	the ordinary shares of HK\$0.01 each in the share capital of the Company;
“Stock Exchange”	The Stock Exchange of Hong Kong Limited;
“%”	per cent.

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

Hong Kong, 28 June 2023

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

Executive Directors:

Ms. Ho Chi Na

Ms. Wong Tsz Ki

Mr. Chong Tung Yan Benedict

Independent non-executive Directors:

Mr. Chan Chi Ching

Mr. Tsang Hing Bun

Mr. Hung Cho Sing *B.B.S.*

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

This announcement will remain on the GEM website at www.hkgem.com on the “Latest Company Announcements” page for seven days from the day of its posting and on the website of the Company at www.hmvod.com.hk.