



hmvod Limited

hmvod 視頻有限公司

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 8103)

**INTERIM REPORT
FOR THE SIX MONTHS ENDED 30 SEPTEMBER 2019**

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

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This report, for which the directors (the “Director(s)”) of hmvod Limited (the “Company”) 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 enquires, 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.

HIGHLIGHTS

- Turnover for the six months ended 30 September 2019 amounted to approximately HK\$20.7 million representing a decrease of approximately 88.7% over the corresponding period in 2018.
- Profit for the period from continuing operations for the six months ended 30 September 2019 amounted to approximately HK\$4 million (2018: Loss of HK\$2.6 million).
- Basic profit per share from continuing operations for the six months ended 30 September 2019 was approximately 3.0 HK cents (2018: loss per share of 2.45 HK cents).
- The Board does not recommend the payment of an interim dividend for the six months ended 30 September 2019 (2018: Nil).

The board of Directors (“Board”) of the Company is pleased to present the unaudited condensed consolidated financial statements of the Company and its subsidiaries (collectively the “Group”) for the three months and six months ended 30 September 2019, together with the unaudited comparative figures for the corresponding periods in 2018, are as follows:

UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF PROFIT AND LOSS AND OTHER COMPREHENSIVE INCOME

	<i>Notes</i>	Unaudited Three months ended 30 September		Unaudited Six months ended 30 September	
		2019 <i>HK\$'000</i>	2018 <i>HK\$'000</i>	2019 <i>HK\$'000</i>	2018 <i>HK\$'000</i>
Turnover		10,186	13,428	20,749	182,961
Continuing operations					
Revenue	5	10,186	13,070	20,749	28,858
Other income and gain	7	2	32,904	14,158	32,905
Subcontractors cost		(9,758)	(12,517)	(17,601)	(23,920)
Gain/(loss) on disposal financial assets at fair value through profit or loss		-	-	-	(7,073)
Depreciation of plant and equipment		(141)	(152)	(282)	(304)
Amortisation of intangible asset		(1,722)	(1,723)	(3,444)	(3,444)
Other expenses		(1,574)	(4,265)	(3,113)	(10,447)
Staff cost, including Directors' emoluments		(1,550)	(2,631)	(3,368)	(5,439)
Finance costs	8	(1,761)	(5,463)	(3,913)	(14,197)
Share of loss of an associate		-	(89)	-	(99)
Profit/(loss) before taxation		(6,318)	19,134	3,186	(3,160)
Income tax expenses	9	499	284	784	568
Profit/(loss) for the period from continuing operations	10a	(5,819)	19,418	3,970	(2,592)
Discontinued operations					
Profit/(loss) for the period from discontinued operations	10b	-	159	-	(2,184)

	Notes	Unaudited Three months ended 30 September		Unaudited Six months ended 30 September	
		2019	2018	2019	2018
		HK\$'000	HK\$'000	HK\$'000	HK\$'000
Profit/(loss) for the period attributable to owners of the Company		(5,819)	19,577	3,970	(4,776)
Other comprehensive income					
Item that may be reclassified subsequently to profit or loss:					
Exchange difference arising on translation of foreign operations		91	4,486	-	6,179
Total comprehensive income/ (expense) for the period attributable to owners of the Company		(5,728)	24,063	3,970	1,403
Profit/(loss) for the period attributable to:					
Owners of the Company		(5,664)	20,135	4,214	(3,479)
Non-controlling interest		(155)	(558)	(244)	(1,297)
		(5,819)	19,577	3,970	(4,776)
Total comprehensive income/ (expense) for the period attributable to:					
Owners of the Company		(5,584)	24,621	4,214	2,700
Non-controlling interest		(144)	(558)	(244)	(1,297)
		(5,728)	24,063	3,970	1,403
Earning/(loss) per share					
From continuing and discontinued operations					
– Basic (HK cents)	12	(3.98)	17.31	2.96	(2.45)
– Diluted (HK cents)	12	N/A	17.31	2.96	(2.45)
From continuing operations					
– Basic (HK cents)	12	(3.98)	14.04	2.96	(0.91)
– Diluted (HK cents)	12	N/A	14.04	2.96	(0.91)

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

		Unaudited 30 September 2019 <i>HK\$'000</i>	Audited 31 March 2019 <i>HK\$'000</i>
Non-current assets			
Plant and equipment		1,733	2,010
Goodwill		37,450	37,450
Intangible assets		18,940	22,384
Deferred tax assets		9,543	9,329
		67,666	71,173
Current assets			
Trade and other receivables	13	16,702	18,003
Deposits and prepayments		1,668	2,193
Equity investments at fair value through profit or loss		3,741	3,741
Bank balances and cash		1,670	2,592
		23,781	26,529
Current liabilities			
Trade and other payables	14	93,929	89,883
Bank overdraft		–	46
Bank and other borrowings	15	63,344	63,990
Bonds		10,021	9,522
Promissory note		–	13,890
Tax payable		378	383
		167,672	177,714
Net current liabilities		(143,891)	(151,185)
Total assets less current liabilities		(76,225)	(80,012)

		Unaudited 30 September 2019	Audited 31 March 2019
	<i>Notes</i>	HK\$'000	HK\$'000
Capital and Reserves			
Share capital	<i>16</i>	142	142
Share premium and reserves	<i>17</i>	<u>(79,439)</u>	<u>(83,653)</u>
Deficit attributable to owners of the Company		(79,297)	(83,511)
Non-controlling interest		<u>(8,335)</u>	<u>(8,091)</u>
		<u>(87,632)</u>	<u>(91,602)</u>
Non-current liabilities			
Bonds		8,285	7,897
Deferred tax liabilities		<u>3,122</u>	<u>3,693</u>
		<u>11,407</u>	<u>11,590</u>
		<u>(76,225)</u>	<u>(80,012)</u>

UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

	Share Capital	Share premium	General reserve	Capital reserve	Exchange translation reserve	Accumulated losses	Sub-total	Non- controlling interest	Total
	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>
At 1 April 2018 (audited)	142	510,565	3,056	1,200	6,348	(575,988)	(54,677)	(5,324)	(60,001)
Loss for the period	-	-	-	-	-	(3,479)	(3,479)	(1,297)	(4,776)
Exchange difference arising on translation of foreign operations	-	-	-	-	6,179	-	6,179	-	6,179
Total comprehensive expense for the period	-	-	-	-	6,179	(3,479)	2,700	(1,297)	1,403
Disposal of subsidiaries	-	-	(3,056)	-	(10,854)	13,345	(565)	-	(565)
At 30 September 2018 (unaudited)	<u>142</u>	<u>510,565</u>	<u>-</u>	<u>1,200</u>	<u>1,673</u>	<u>(566,122)</u>	<u>(52,542)</u>	<u>(6,621)</u>	<u>(59,163)</u>
At 1 April 2019 (audited)	142	510,565	-	1,200	1,586	(597,004)	(83,511)	(8,091)	(91,602)
Profit and total comprehensive income for the period	-	-	-	-	-	4,214	4,214	(244)	3,970
At 30 September 2019 (unaudited)	<u>142</u>	<u>510,565</u>	<u>-</u>	<u>1,200</u>	<u>1,586</u>	<u>(592,790)</u>	<u>(79,297)</u>	<u>(8,335)</u>	<u>(87,632)</u>

UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

	Unaudited	
	Six months ended	
	30 September	
	2019	2018
	<i>HK\$'000</i>	<i>HK\$'000</i>
Net cash (outflow)/inflow from operating activities	(230)	29,732
Net cash inflow from investing activities	-	136,134
Net cash outflow from financing activities	(646)	<u>(175,446)</u>
Net decrease in cash and cash equivalents	(876)	(9,580)
Effects of foreign exchange rate	-	5,030
Cash and cash equivalents at 1 April	2,546	<u>6,043</u>
Cash and cash equivalents at 30 September	1,670	<u>1,493</u>
Analysis of the balances of cash and cash equivalents		
Cash and bank balances	1,670	1,543
Bank overdraft	<u>-</u>	<u>(50)</u>
	1,670	<u>1,493</u>

NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

1. GENERAL INFORMATION

The Company was incorporated in the Cayman Islands as an exempted company with limited liability under the Companies Law of the Cayman Islands. The address of its registered office is Cricket Square, Hutchins Drive P.O. Box 2681, Grand Cayman KY1-1111, Cayman Islands. With effective from 8 July 2019, the address of its principal place of business is Unit C, 8/F, D2 Place Two, 15 Cheung Shun Street, Cheung Sha Wan, Kowloon, Hong Kong. The Company's shares are listed on the GEM.

2. BASIS OF PREPARATION

The unaudited condensed consolidated financial statements of the Group have been prepared in accordance with Hong Kong Accounting Standard 34 Interim Financial Reporting issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA") and the applicable disclosure requirements of Chapter 18 the GEM Listing Rules. The principal accounting policies applied in preparing the unaudited condensed consolidated financial statements for the six months ended 30 September 2019 are set out in note 3.

3. CHANGES IN ACCOUNTING POLICIES

The condensed consolidated financial statements have been prepared on the historical cost basis.

The accounting policies adopted in the preparation of the interim condensed consolidated financial statements are consistent with those followed in the preparation of the Group's annual consolidated financial statements for the year ended 31 March 2018, except for the adoption of new standards effective as of 1 April 2019. The Group has not early adopted any other standard, interpretation or amendment that has been issued but is not yet effective.

The Group applies, for the first time, HKFRS 16 Leases. As required by HKAS 34, the nature and effect of these changes are disclosed below.

Other than as further explained below, the directors do not anticipate that the application of the new HKFRSs above will have a material effect on the Group's consolidated financial statements and the disclosure.

Except for HKFRS 16, Leases, none of the developments have had a material effect on how the Group's results and financial position for the current or prior periods have been prepared or presented. The Group has not applied any new standard or interpretation that is not yet effective for the current accounting period.

HKFRS 16 replaces HKAS 17, Leases, and the related interpretations, HKIFRIC 4, Determining whether an arrangement contains a lease, SIC 15, Operating leases-incentives, and SIC 27, Evaluating the substance of transactions involving the legal form of a lease. It introduces a single accounting model for lessees, which requires a lessee to recognise a right-of-use asset and a lease liability for all leases, except for leases that have a lease term of 12 months or less ("short-term leases") and leases of low-value assets. The lessor accounting requirements are brought forward from HKAS 17 substantially unchanged.

HKFRS 16 also introduces additional qualitative and quantitative disclosure requirements which aim to enable users of the financial statements to assess the effect that leases have on the financial position, financial performance and cash flows of an entity.

Further details of the nature and effect of the changes to previous accounting policies and the transition options applied are set out below:

a. New definition of a lease

The change in the definition of a lease mainly relates to the concept of control. HKFRS 16 defines a lease on the basis of whether a customer controls the use of an identified asset for a period of time, which may be determined by a defined amount of use. Control is conveyed where the customer has both the right to direct the use of the identified asset and to obtain substantially all the economic benefits from that use.

The Group applies the new definition of a lease in HKFRS 16 only to contracts that were entered into or changed on or after 1 April 2019. For contracts entered into before 1 April 2019, the Group has used the transitional practical expedient to grandfather the previous assessment of which existing arrangements are or contain leases. Accordingly, contracts that were previously assessed as leases under HKAS 17 continue to be accounted for as leases under HKFRS 16 and contracts previously assessed as non-lease service arrangements continue to be accounted for as executory contracts.

b. Lessee accounting and transitional impact

HKFRS 16 eliminates the requirement for a lessee to classify leases as either operating leases or finance leases, as was previously required by HKAS 17. Instead, the Group is required to capitalise all leases when it is the lessee, including leases previously classified as operating leases under HKAS 17, other than those short-term leases and leases of low-value assets which are exempt. As far as the Group is concerned, these newly capitalised leases are primarily in relation to property, plant and equipment and land use right. For an explanation of how the Group applies lessee accounting.

At the date of transition to HKFRS 16 (i.e. 1 April 2019), the Group determined the length of the remaining lease terms and measured the lease liabilities for the leases previously classified as operating leases at the present value of the remaining lease payments, discounted using the relevant incremental borrowing rates at 1 April 2019. The weighted average of the incremental borrowing rates used for determination of the present value of the remaining lease payments was 5.25%.

To ease the transition to HKFRS 16, the Group elected not to apply the requirements of HKFRS 16 in respect of the recognition of lease liabilities and right-of-use assets to leases for which the remaining lease term ends within 12 months from the date of initial application of HKFRS 16, i.e. where the lease term ends on or before 31 March 2020.

The following table reconciles the operating lease commitments as at 31 March 2018 to the opening balance for lease liabilities recognised as at 1 April 2019.

	1 April 2019
	<i>HK\$'000</i>
Operating lease commitments at 31 March 2018	600
Less: commitments relating to leases exempt from capitalisation: Short-term lease and other leases with remaining lease term ending on or before 31 March 2020	<u>(600)</u>
Present value of remaining lease payments, discounted using the incremental borrowing rate at 1 April 2019 and total lease liabilities recognised at 1 April 2019	<u><u>–</u></u>

The right-of-use assets in relation to leases previously classified as operating leases have been recognised at an amount equal to the amount recognised for the remaining lease liabilities, adjusted by the amount of any prepaid or accrued lease payments relating to that lease recognised in the statement of financial position at 31 March 2018.

So far as the impact of the adoption of HKFRS 16 on leases previously classified as finance leases is concerned, the Group is not required to make any adjustments at the date of initial application of HKFRS 16, other than changing the captions for the balances. Accordingly, instead of “obligations under finance leases”, these amounts are included within “lease liabilities”, and the depreciated carrying amount of the corresponding leased assets is identified as right-of-use assets. There is no impact on the opening balance of equity.

c. Impact on the financial result, segment results and cash flows of the Group

After the initial recognition of right-of-use assets and lease liabilities as at 1 April 2019, the Group as a lessee is required to recognise interest expense accrued on the outstanding balance of the lease liability, and the depreciation of the right-of-use asset, instead of the previous policy of recognising rental expenses incurred under operating leases on a straight-line basis over the lease term. This results in a positive impact on the reported profit from operations in the Group’s consolidated statement of comprehensive income, as compared to the results if HKAS 17 had been applied during the year.

In the cash flow statement, the Group as a lessee is required to split rentals paid under capitalised leases into their capital element and interest element. These elements are classified as financing cash outflows, similar to how leases previously classified as finance leases under HKAS 17 were treated, rather than as operating cash outflows, as was the case for operating leases under HKAS 17. Although total cash flows are unaffected, the adoption of HKFRS 16 therefore results in a significant change in presentation of cash flows within the cash flow statement.

4. PRINCIPAL ACCOUNTING POLICIES

The accounting policies used in the unaudited condensed consolidated financial statements for the six months ended 30 September 2019 are consistent with those followed in the preparation of the Group’s annual consolidated financial statements for the year ended 31 March 2019.

The unaudited condensed consolidated financial statements for the six months ended 30 September 2019 has been prepared under the historical cost basis, except for certain financial instruments, which are measured at fair values, as appropriate. The Directors consider that the carrying amounts of financial assets and financial liabilities measured at cost or amortised cost in these unaudited condensed consolidated financial statements approximate their fair values.

5. REVENUE

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

An analysis of the revenue by principal activities of the operations of the Group during the reporting periods is as follows:

	Unaudited			
	Three months ended		Six months ended	
	30 September 2019 HK\$'000	2018 HK\$'000	30 September 2019 HK\$'000	2018 HK\$'000
Continuing operations				
Revenue from provision of				
– Professional services fees	549	379	1,187	1,389
Money lending	8	15	8	30
OTT services	<u>9,629</u>	<u>12,676</u>	<u>19,554</u>	<u>27,439</u>
	<u>10,186</u>	<u>13,070</u>	<u>20,749</u>	<u>28,858</u>
Discontinued operations				
Revenue from provision of				
– Systems development	–	358	–	1,559
Rent income arising from property investment	<u>–</u>	<u>–</u>	<u>–</u>	<u>600</u>
	<u>–</u>	<u>358</u>	<u>–</u>	<u>2,159</u>
Proceeds from sales of financial assets at fair value through profit or loss	<u>–</u>	<u>–</u>	<u>–</u>	<u>151,944</u>
Turnover	<u>10,186</u>	<u>13,428</u>	<u>20,749</u>	<u>182,961</u>

6. SEGMENT INFORMATION

(a) Operating segments

Segment information is presented in respect of the Group's business operations and is chosen as the Group's operating segments because this is more relevant to the Group's internal financial reporting.

During the current period, the Group's operations have diversified to the following operating segments.

An analysis of the Group's revenue and results for the six months ended 30 September 2019 and 2018 by operating segment is as follows:

	Continuing operations								Discontinued operations				Consolidated	
	Professional services		Proprietary trading		Money lending		OTT services		Systems development		Property investment			
	2019	2018	2019	2018	2019	2018	2019	2018	2019	2018	2019	2018	2019	2018
	HKS'000	HKS'000	HKS'000	HKS'000	HKS'000	HKS'000	HKS'000	HKS'000	HKS'000	HKS'000	HKS'000	HKS'000	HKS'000	HKS'000
REVENUE														
Revenue from external customers	1,187	1,389	-	-	8	30	19,554	27,439	-	1,559	-	600	20,749	31,017
RESULT														
Segment results	(45)	(2,597)	-	(6,123)	(37)	30	(4,986)	(3,505)	-	(232)	-	(894)	(5,068)	(13,321)
Interest income													2	3
Unallocated income and gains													14,156	32,953
Unallocated expenses and losses													(1,991)	(8,219)
Finance costs													(3,913)	(16,661)
Share of loss of an associate													-	(99)
Profit/(Loss) before taxation													3,186	(5,344)

(b) **Segment assets and liabilities**

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

	Professional services		Money lending		OTT services		Consolidated	
	30 September	31 March	30 September	31 March	30 September	31 March	30 September	31 March
	2019	2019	2019	2019	2019	2019	2019	2019
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
ASSETS								
Segment assets	<u>826</u>	<u>541</u>	<u>143</u>	<u>–</u>	<u>86,636</u>	<u>75,209</u>	<u>87,605</u>	75,750
Unallocated assets								
– Plant and equipment							4	2,010
– Available-for-sale investments							3,741	3,741
– Other receivables, deposits and prepayments							59	13,610
– Bank balances and cash							<u>38</u>	<u>2,591</u>
Total assets							<u>91,447</u>	<u>97,702</u>
LIABILITIES								
Segment liabilities	<u>5,520</u>	<u>1,314</u>	<u>8</u>	<u>–</u>	<u>86,556</u>	<u>83,516</u>	<u>92,084</u>	84,830
Unallocated liabilities								
– Other payables							1,845	24,144
– Bank and other borrowings							63,344	44,899
– Bank overdraft							–	45
– Bonds							18,306	17,419
– Promissory notes							–	13,890
– Deferred tax liabilities							3,122	3,692
– Tax payable							<u>378</u>	<u>385</u>
Total liabilities							<u>179,079</u>	<u>189,304</u>

7. OTHER INCOME AND GAIN

	Unaudited			
	Three months ended		Six months ended	
	30 September		30 September	
	2019	2018	2019	2018
<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>	
Continuing operations				
Interest income	1	–	2	–
Gain on waive of promissory note	–	–	14,155	–
Gain on disposal of subsidiaries	–	32,904	–	32,904
Others	1	–	1	1
	<u>2</u>	<u>32,904</u>	<u>14,158</u>	<u>32,905</u>
Discontinued operations				
Interest income	–	–	–	2
Others	–	–	–	1
Reversal of impairment losses in respect of				
– trade receivables	–	17	–	17
– other receivables	–	–	–	52
	<u>–</u>	<u>17</u>	<u>–</u>	<u>72</u>
	<u>2</u>	<u>32,921</u>	<u>14,158</u>	<u>32,977</u>

8. FINANCE COSTS

	Unaudited			
	Three months ended		Six months ended	
	30 September		30 September	
	2019	2018	2019	2018
<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>	
Continuing operations				
Interest on promissory notes	–	3,305	380	6,488
Interest on short term loans	1,331	1,731	2,647	6,741
Interest on bonds	430	427	886	836
Others	–	–	–	132
	<u>1,761</u>	<u>5,463</u>	<u>3,913</u>	<u>14,197</u>
Discontinued operations				
Others	–	–	–	2,464
	<u>1,761</u>	<u>5,463</u>	<u>3,913</u>	<u>16,661</u>

9. INCOME TAX EXPENSES

- (a) Hong Kong profit tax has not been provided for in the unaudited condensed consolidated financial statements as there was no estimated assessable profit derived from Hong Kong during the six months ended 30 September 2019 and 2018.
- (b) Under the Law of the PRC on Enterprise Income Tax (the "EIT Law") and Implementation Regulation of the EIT Law, the standard tax rate is 25%.

10a. PROFIT/(LOSS) FOR THE PERIOD FROM CONTINUING OPERATIONS

Profit/(loss) for the period from continuing operations has been arrived at after charging:

	Unaudited			
	Three months ended 30 September		Six months ended 30 September	
	2019	2018	2019	2018
	HK\$'000	HK\$'000	HK\$'000	HK\$'000
Staff costs				
Salaries and other benefits	1,469	2,526	3,179	5,207
Retirement benefits scheme contributions	80	105	188	232
	<u>1,549</u>	<u>2,631</u>	<u>3,367</u>	<u>5,439</u>
Amortisation of intangible assets	1,722	1,723	3,444	3,444
Auditors' remuneration	–	195	–	370
Depreciation	141	152	282	304
Operating leases	60	1,289	74	2,620
	<u>60</u>	<u>1,289</u>	<u>74</u>	<u>2,620</u>

10b. PROFIT/(LOSS) FOR THE PERIOD FROM DISCONTINUED OPERATIONS

Profit/(loss) for the period from discontinued operations has been arrived at after charging:

	Unaudited			
	Three months ended 30 September		Six months ended 30 September	
	2019	2018	2019	2018
	HK\$'000	HK\$'000	HK\$'000	HK\$'000
Depreciation	–	42	–	207
	<u>–</u>	<u>42</u>	<u>–</u>	<u>207</u>

11. DIVIDEND

The Board does not recommend the payment of any dividend for the six months ended 30 September 2019 (2018: Nil).

12. EARNINGS/(LOSS) PER SHARE

From continuing and discontinued operations

The calculation of basic and diluted earnings/(loss) per share attributable to owners of the Company from continuing and discontinued operations is based on the following data:

Profit/(loss) per share

	Unaudited			
	Three months ended		Six months ended	
	30 September		30 September	
	2019	2018	2019	2018
	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>
Profit/(loss) for the purpose of basic earnings/(loss) per share profit/(loss) for the period attributable to owners of the Company	<u>(5,664)</u>	<u>20,135</u>	<u>4,214</u>	<u>(3,479)</u>

	Unaudited			
	Three months ended		Six months ended	
	30 September		30 September	
	2019	2018	2019	2018
	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>
Weighted average number of ordinary shares for the purpose of basic earnings/(loss) per share	<u>142,256,878</u>	<u>142,256,878</u>	<u>142,256,878</u>	<u>142,256,878</u>

Number of shares

Weighted average number of ordinary shares for the purpose of basic earnings/(loss) per share

From continuing operations

The calculation of the basic and diluted earnings/(loss) per share attributable to owners of the Company from continuing operations is based on the following data:

Profit/(loss) per share

	Unaudited			
	Three months ended		Six months ended	
	30 September		30 September	
	2019	2018	2019	2018
	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>
Profit/(loss) for the purpose of basic earnings/(loss) per share profit/(loss) for the period from continuing operations attributable to owners of the Company	<u>-</u>	<u>19,976</u>	<u>-</u>	<u>(1,295)</u>

The denominators used are the same as those detailed above for both basic and diluted earnings/(loss) per share.

From discontinued operation

The calculation of the basic and diluted earning/(loss) per share attributable to owners of the Company from discontinued operation is based on the following data:

Profit/(loss) per share

	Unaudited			
	Three months ended		Six months ended	
	30 September		30 September	
	2019	2018	2019	2018
	HK\$'000	HK\$'000	HK\$'000	HK\$'000
Profit/(loss) for the purpose of basic earnings/(loss) per share profit/(loss) for the period from discontinued operations attributable to owners of the Company	<u>-</u>	<u>159</u>	<u>-</u>	<u>(2,184)</u>
Earning/(loss) per share from discontinued operations				
– Basic and diluted (<i>HK cents</i>)	<u>-</u>	<u>0.11</u>	<u>-</u>	<u>(1.54)</u>

13. TRADE AND OTHER RECEIVABLES

	Unaudited	Audited
	At	At
	30 September	31 March
	2019	2019
	HK\$'000	HK\$'000
Trade and bills receivables	16,643	18,630
Less: Impairment loss recognised	<u>-</u>	<u>(686)</u>
	<u>16,643</u>	<u>17,944</u>
Other receivables	<u>59</u>	<u>59</u>
	<u>16,702</u>	<u>18,003</u>

- (a) Trade and bills receivables are due for settlement in accordance with the terms of the underlying agreements with the customers. Trade receivables with balances that are more than 9 months overdue are requested to settle all outstanding balances before any further credit is granted.
- (b) Impairment loss is recognised against trade and bills receivables based on estimated irrecoverable amount determined by reference to past default experience of customers.
- (c) An aging analysis of trade and bills receivables based on the date of invoice, net of impairment loss recognised is as follows:

	Unaudited	Audited
	At	At
	30 September	31 March
	2019	2019
	<i>HK\$'000</i>	<i>HK\$'000</i>
0–30 days	2,867	2,532
31–90 days	868	4,510
Over 90 days	12,908	10,902
	<u>16,643</u>	<u>17,944</u>

14. TRADE AND OTHER PAYABLES

	Unaudited	Audited
	At	At
	30 September	31 March
	2019	2019
	<i>HK\$'000</i>	<i>HK\$'000</i>
Trade payables	37,711	10,432
Accrued expenses and other payables	56,218	79,451
	<u>93,929</u>	<u>89,883</u>

An aging analysis of trade payables presented based on the invoice date at the end of the reporting period is as follows:

	Unaudited	Audited
	At	At
	30 September	31 March
	2019	2019
	<i>HK\$'000</i>	<i>HK\$'000</i>
0–30 days	6,669	1,845
31–90 days	9,406	2,602
Over 90 days	21,636	5,985
	<u>37,711</u>	<u>10,432</u>

15. BANK AND OTHER BORROWINGS

	Unaudited	Audited
	At	At
	30 September	31 March
	2019	2019
	<i>HK\$'000</i>	<i>HK\$'000</i>
Bank borrowings	1,075	2,091
Other borrowings	62,269	61,899
	63,344	63,990

16. SHARE CAPITAL

	Number of	Nominal
	shares	amount
		<i>HK\$'000</i>
Authorised:		
Ordinary shares of HK\$0.001 each at 31 March 2019 and 30 September 2019	<u>200,000,000,000</u>	<u>200,000</u>
Issued and fully paid:		
Ordinary shares of HK\$1 each at 31 March 2019 and at 30 September 2019	<u>142,256,878</u>	<u>142</u>

17. SHARE PREMIUM AND RESERVES

Movements in reserves for the Group during the period are set out in the unaudited condensed consolidated statement of changes in equity.

MANAGEMENT DISCUSSION AND ANALYSIS

BUSINESS PERFORMANCE AND PROSPECT

Professional services

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

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.

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

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

Our professional service team mainly provides four major information security services which are 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.

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 an increase/decrease in revenue to approximately HK\$1.2 million for the three months ended 30 September 2019 (2018: HK\$1.4 million).

Proprietary trading business

In relation to the Group's proprietary trading business, the global market has been highly volatile in 2019. Although the Asian markets including Hong Kong has attracted favorable capital inflow across the world, the market is still filled with uncertainties such as the trigger of trade war and effect of contractionary monetary policy from US. The Group is actively seeking opportunities in securities investment which will create value and will be beneficial to the Group and Shareholders. The Group also maintains a risk management policy in which key risk factors such as government and politic risks, country risks, price risks, interest rate risks, currency risks and economic risks have been identified and will be closely monitored. The turnover in proprietary trading business recorded HK\$Nil for the six months ended 30 September 2019 (2018: HK\$151.9 million). The securities investment portfolio amounted to HK\$Nil as at 30 September 2019 (2018: HK\$Nil).

Money lending business

Though the loan and credit market became very active and intense competition existed during the past few years as a result of the rapid booming housing market in Hong Kong and the global low interest rate environment, the Board is confident that through its long established relationship, history, reputation, network and synergy, the Group is able to participate in the market share of the money lending business and it will become one of the driver of its future profits of the Group. In view of the above, the Board will invest more resources into the business once financing resources have been obtained. In addition to the consumable loan, the Company is planning to offer a variety of loan products to secured mortgage loans to individual, unsecured loan, small and medium sized enterprises loans, debts consolidation loan and corporate loans. Despite the above, the money lending business is suffering from political risk, regulatory risk, credit risk, economic risk and industry risk. The interest income in money lending business recorded approximately HK\$8,000 for the six months ended 30 September 2019 (2018: HK\$30,000). The loan portfolio amounted HK\$0.5 million as at 30 September 2019 (2018: HK\$0.5 million).

OTT services

OTT services is providing multi-media related services and content in the PRC via different platforms. In view of the growing penetration and expansion of multi-media segment, the Group is optimistic to such business segment. In addition, consumers are moving beyond traditional media, the multi-media platform is an option used by many companies to brand and market their products. As such, the multi-media platform is playing an increasingly vital role in business marketing strategy. Having considered that our OTT services is equipped with experience in the industry with diversified clientele and being specialized in the provision of OTT services of video-on-demand in Hong Kong and Taiwan via its own digital video rental platform. The revenue in OTT services recorded approximately HK\$19.6 million for the six months ended 30 September 2019 (2018: HK\$27.4 million), compared with the corresponding period in 2018.

FUTURE PROSPECTS

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 invest into and/or perform acquisitions in other industries (including renewable energy and other "green" businesses, the financial industry, and more traditional non-IT businesses) so long as such 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 businesses to bring further value to shareholders.

FINANCIAL PERFORMANCE

During the six months ended 30 September 2019, the Group recorded a turnover of approximately HK\$20.7 million (2018: HK\$183.0 million) representing a decrease of approximately 88.7% as compared to that of the corresponding period in 2018. The decrease in turnover was due to decrease in the proceeds received from trading of listed securities. Other expenses decreased to approximately HK\$3.1 million as compared to approximately HK\$10.4 million of corresponding period in 2018, representing a decrease of approximately 70.2% as compared to that of the corresponding period in 2018. The decrease in other expenses was due to decrease in legal and professional fee in relation to several disposal transactions. Finance cost decreased to approximately HK\$3.9 million as compared to approximately HK\$14.2 million of the corresponding period in 2018, representing a decrease of approximately 72.4% as compared to that of the corresponding period in 2018. The decrease in finance cost was due to decrease in short term loans and promissory notes. Profit attributable to the owners of the Company was approximately HK\$4.2 million for the six months ended 30 September 2019 (2018: loss HK\$3.5 million).

LIQUIDITY, FINANCIAL RESOURCES AND CAPITAL STRUCTURE

During the six months ended 30 September 2019, the Company has not made any issue for cash of equity securities.

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

GEARING RATIO

The gearing ratio calculated on the basis of total liabilities over the total shareholders' equity. Since the Group recorded a deficit attributable to owners of the Company as at 30 September 2019 and 31 March 2019, the gearing ratio was not applicable for the both reporting period.

FOREIGN CURRENCY EXPOSURE

During the six months ended 30 September 2019, the Group experienced only immaterial exchange rate fluctuations as the functional currencies of the Group's operations were mainly Hong Kong dollars and Renminbi. As the risk on exchange rate difference was considered to be minimal, the Group did not employ any financial instruments for hedging purposes.

SIGNIFICANT INVESTMENTS, MATERIAL ACQUISITIONS AND DISPOSAL OF SUBSIDIARIES AND AFFILIATED COMPANIES

No material acquisition and disposal was completed during the six month ended 30 September 2019.

EMPLOYEES AND REMUNERATION POLICIES

As at 30 September 2019, the Group hired 26 employees including the executive Directors (2018: 27). Total staff costs including Directors' remuneration for the six months period under review amounting to approximately HK\$3.4 million (2018: HK\$5.4 million). The Group's remuneration policies are in line with the prevailing market practices and are determined on the basis of performance and experience of individual employees. The Group provides mandatory provident fund scheme for the employees employed under the jurisdiction of the Hong Kong Employment Ordinance.

CHARGES ON ASSETS AND CONTINGENT LIABILITIES

The Group did not have any material charges on assets and contingent liabilities as at 30 September 2019.

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 six months ended 30 September 2019 and there were no outstanding share options as at 30 September 2018 and 2019. 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.

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 based on 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.

(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.

DIRECTORS' AND CHIEF EXECUTIVE'S INTERESTS IN SECURITIES

As at 30 September 2019, 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 INTERESTS IN SECURITIES

So far as is known to the Directors, as at 30 September 2018, the persons (other than a director or chief executive of the Company) who have interests or short position in the shares, underlying shares and debentures 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 are, 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, were as follows:

Long position in shares of the Company:

Name of the shareholder	Capacity	Number of shares held	Approximate percentage of shareholding (Note 1)
Full Times Investment Limited ("Full Times") (Note 2)	Beneficial owner	36,777,000	25.85%
HMV Digital China Group Limited ("HMV Digital") (Note 2)	Interest in controlled corporation	37,957,000	26.68%
	Beneficial owner	3,348,000	2.35%

Notes:

- As at 30 September 2019, the issued share capital of the Company was 142,256,878 shares.
- 37,957,000 shares refer to the aggregate of (a) 36,777,000 shares held by Full Times and (b) 1,180,000 shares held by New Smart International Creation Limited ("New Smart"). Both Full Times and New Smart are direct wholly-owned subsidiaries of HMV Digital (stock code: 8078), whose shares are listed on the GEM of the Stock Exchange.

Save as disclosed above, as at 30 September 2019, no long positions and short positions of other persons or chief executive of the Company in the shares, underlying shares and debentures of the Company and its associated corporations were recorded in the register required to be kept under section 336 of the SFO.

DIRECTORS' INTERESTS IN CONTRACTS

No contracts of significance in relation to the Group's business to which the Group was a party and in which a Director had a material interest, whether directly or indirectly, subsisted at the six months ended 30 September 2019 or at any time during such period.

DIRECTORS' COMPETING INTERESTS

As at 30 September 2019, none of the Directors 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.

INTERESTS OF COMPLIANCE ADVISER

Pursuant to the directions of the GEM Listing Committee of the Stock Exchange, the Company has appointed Grand Moore Capital Limited as the independent compliance adviser (the "Compliance Adviser") on an on-going basis for consultation on compliance with the GEM Listing Rules for a period of two years with effect from 22 June 2018. As at 30 September 2019, as notified by the Compliance Adviser, save for the compliance adviser's agreement entered into between the Company and the Compliance Adviser, neither the Compliance Adviser nor any of its directors, employees or close associates (as defined under the GEM Listing Rules) had any interests in the Group which is required to be notified to the Company pursuant to Rule 6A.32 of the GEM Listing Rules.

AUDIT COMMITTEE

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

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

The unaudited condensed consolidated financial statements of the Group for the six months ended 30 September 2019 have been reviewed by the audit committee of the Company.

CODE ON CORPORATE GOVERNANCE PRACTICES

The Company has adopted the code provisions of the Code contained in Appendix 15 of the GEM Listing Rules as its own code on corporate governance practices. 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 period.

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' securities 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 six months ended 30 September 2019.

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

During the six months period under review, neither the Company nor any of its subsidiaries had purchased, sold or redeemed any of the Company's listed securities.

CHANGE OF DIRECTORS' INFORMATION

Mr. He Dongyu ("Mr. He") and Mr. Ho Alvin Tzuen Chung ("Mr. Ho") were appointed as an executive Director of the Company with effect from 16 October 2019.

The biographical information of Mr. He and Mr. Ho are set out below:

Mr. He, aged 42, Mr. He has been in the movie and film production industry since 2002. His passion and enthusiasm has led him to be involved in films and documentaries production for National Geography, America Top Model Show, CCTV and many others in China.

Mr. He was Partner and Executive Producer for PIG Production between 2006 and 2010. Starting from 2010, Mr. He started to invest and involved in many Chinese independent films like "Love Flu", "The Mark Up Artist" and achieved substantial success.

Mr. He is currently an angel investor for late-stage film productions and distributions. He is well connected in the Chinese film industry and global copyright market.

Mr. Ho, aged 54, is currently a Director of Consortium Capital Co. Ltd. and several companies. Mr. Ho is one of the founder and GP of Hina-Consortium Beijing Fund, the fund is now evaluated at 5X return and is at matured stage. He was the non-executive Director for a US-based VC WI Harper. He also participated in many social duties; he was the investment advisor to Beijing Government, he was one of the founders of Beijing Huayuan Technology Association, as well as Secretary General of Mt. Jade Association Hong Kong. Mr. Ho was the Director and Chairman of FX Hotels Group Inc. (2724. TWO), a listed company in Taiwan from June 2012 to September 2017.

Mr. Ho received his bachelor's computer science degree from University of Southern California in 1985 and entered master program in computer science of University of Southern California in 1986.

Mr. He and Mr. Ho are entitled to each annual director's fee of HK\$120,000 and have entered into service contracts 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. Mr. He and Mr. Ho's employment was determined by the Board with recommendation by the remuneration committee of the Company, with reference to their experience as an executive Director of the Company, their duties and responsibilities with the Company and the market rate for the position.

Mr. He and Mr. Ho do not hold any shares or options of the Company, Mr. He and Mr. Ho have no interest in the shares of the Company and its associated corporations within the meaning of Part XV of the SFO and does not have any relationship with any other directors, senior management or any substantial or controlling shareholders of the Company.

There is no information which is disclosable nor are/were they involved in any of the matters required to be disclosed pursuant to any of the requirements of the provisions under paragraphs 17.50(2)(h) to 17.50(2)(w) of the GEM Listing Rules and the Board is not aware of any other matters which need to be brought to the attention of the shareholders of the Company.

On 16 October 2019, Mr. Yuen Koon Tung has resigned as an executive Director of the Company.

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

Hong Kong, 12 November 2019

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

Executive Directors:

Mr. Lau Kelly (*Chief Executive Officer*)

Ms. Ho Chi Na

Mr. He Dongyu

Mr. Ho Alvin Tzuen Chung

Independent non-executive Directors:

Mr. Ho Siu King, Stanley

Mr. Hau Chi Kit

Mr. Ma Stephen Tsz On

This report, for which the Directors collectively and individually accept full responsibility, includes particulars given in compliance with the Rules Governing the Listing of Securities on the GEM of The Stock Exchange of Hong Kong Limited for the purpose of giving information with regard to the Company. The Directors, having made all reasonable enquiries, confirm that to the best of their knowledge and belief the information contained in this 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.

This report will remain on the GEM website at <http://www.hkgem.com> on the “Latest Company Announcements” page for 7 days from the date of its posting and on the website of the Company at www.hmvod.com.hk.