



hmvod Limited

hmvod 視頻有限公司

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 8103)

**THIRD QUARTERLY REPORT
FOR THE NINE MONTHS
ENDED 31 DECEMBER 2019**

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

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

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This report, for which the directors (the “Directors”) 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 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.

HIGHLIGHTS

- Turnover for the nine months ended 31 December 2019 amounted to approximately HK\$29.2 million representing a decrease of approximately 85.2% over the corresponding period in 2018.
- Profit for the period for the nine months ended 31 December 2019 amounted to approximately HK\$1.01 million (2018: Loss of HK\$0.74 million).
- Basic profit per share from continuing and discontinued operations for the nine months ended 31 December 2019 was approximately 0.33 HK cents (2018: 0.47 HK cents).
- The Board does not recommend the payment of dividend for the nine months ended 31 December 2019 (2018: Nil).

The board of Directors (“**Board**”) of the Company presents the unaudited condensed consolidated financial statements of the Company and its subsidiaries (collectively the “**Group**”) for the three months and nine months ended 31 December 2019, together with the unaudited comparative figures for the corresponding periods in 2018 as follows:

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

	<i>Notes</i>	Unaudited Three months ended 31 December		Unaudited Nine months ended 31 December	
		2019	2018	2019	2018
		HK\$'000	HK\$'000	HK\$'000	HK\$'000
Turnover	4	8,457	14,416	29,206	197,377
Continuing operations					
Revenue	4	8,457	14,416	29,206	43,274
Other income and gain	5	2,362	16,765	16,520	49,670
Subcontractors cost		(7,188)	(14,825)	(24,789)	(38,745)
Gain/(loss) on disposal of financial assets at fair value through profit or loss		172	–	172	(7,073)
Depreciation of plant and equipment		(138)	(147)	(420)	(451)
Amortisation of intangible asset		(1,722)	(1,722)	(5,166)	(5,166)
Other expenses		(2,257)	(4,120)	(5,370)	(14,567)
Staff cost, including Directors’ emoluments		(1,453)	(2,186)	(4,821)	(7,625)
Finance costs	6	(1,480)	(4,427)	(5,393)	(18,624)
Share of loss of an associate		–	–	–	(99)
(Loss)/profit before taxation		(3,247)	3,754	(61)	594
Income tax expenses	7	282	284	1,066	852
(Loss)/profit for the period from continuing operations	8a	(2,965)	4,038	1,005	1,446
Discontinued operations					
Loss for the period from discontinued operations	8b	–	–	–	(2,184)
(Loss)/profit for the period		(2,965)	4,038	1,005	(738)
Other comprehensive income					
Item that may be reclassified subsequently to profit or loss:					
Exchange difference arising on translation of foreign operations		(210)	–	(210)	6,179
Total comprehensive income/ (expense) for the period		(3,175)	4,038	795	5,441

	<i>Note</i>	Unaudited		Unaudited	
		Three months ended		Nine months ended	
		2019	2018	2019	2018
		<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>
Profit/(loss) for the period attributable to:					
Owners of the Company		(3,741)	4,153	473	674
Non-controlling interest		776	(115)	532	(1,412)
		<u>(2,965)</u>	<u>4,038</u>	<u>1,005</u>	<u>(738)</u>
Total comprehensive income/ (expense) for the period attributable to:					
Owners of the Company		(4,023)	4,153	191	6,853
Non-controlling interest		848	(115)	604	(1,412)
		<u>(3,175)</u>	<u>4,038</u>	<u>795</u>	<u>5,441</u>
(Loss)/earnings per share	<i>10</i>				
From continuing and discontinued operations					
– Basic and diluted (<i>HK cents</i>)		<u>(2.63)</u>	<u>2.92</u>	<u>0.33</u>	<u>0.47</u>
From continuing operations					
– Basic and diluted (<i>HK cents</i>)		<u>(2.63)</u>	<u>2.92</u>	<u>0.33</u>	<u>2.01</u>

UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

	Share premium	General reserve	Capital reserve	Exchange translation reserve	Accumulated losses	Sub-total	Non- controlling interests	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>
At 1 April 2018 (audited)	510,565	3,056	1,200	6,348	(575,988)	(54,819)	(5,324)	(60,143)
Profit/(loss) for the period	-	-	-	-	674	674	(1,412)	(738)
Exchange difference arising on translation of foreign operations	-	-	-	6,179	-	6,179	-	6,179
Total comprehensive income/(expenses) for the period	-	-	-	6,179	674	6,853	(1,412)	5,441
Disposal of subsidiaries	-	(3,056)	-	(10,854)	13,345	(565)	-	(565)
At 31 December 2018 (unaudited)	<u>510,565</u>	<u>-</u>	<u>1,200</u>	<u>1,673</u>	<u>(561,969)</u>	<u>(48,531)</u>	<u>(6,736)</u>	<u>(55,267)</u>
At 1 April 2019 (audited)	510,565	-	1,200	1,586	(597,004)	(83,511)	(8,091)	(91,602)
Profit for the period	-	-	-	-	1,586	1,586	532	2,118
Exchange difference arising on translation of foreign operations	-	-	-	(282)	-	(282)	72	(210)
Total comprehensive (expenses)/income for the period	-	-	-	(282)	1,586	1,304	604	1,908
At 31 December 2019 (unaudited)	<u>510,565</u>	<u>-</u>	<u>1,200</u>	<u>1,304</u>	<u>(595,418)</u>	<u>(82,207)</u>	<u>(7,487)</u>	<u>(89,694)</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 the applicable Hong Kong Accounting Standards issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA") and the applicable disclosure requirements of Chapter 18 of the GEM Listing Rules. The principal accounting policies applied in preparing the unaudited condensed consolidated financial statements for the nine months ended 31 December 2019 are set out in note 3 below.

3. PRINCIPAL ACCOUNTING POLICIES

The accounting policies used in the unaudited condensed consolidated financial statements for the nine months ended 31 December 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 nine months ended 31 December 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.

4. 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		Nine months ended	
	31 December		31 December	
	2019	2018	2019	2018
	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>
Continuing operations				
Revenue from provision of				
Professional services	201	1,541	1,388	2,930
Money lending	–	38	8	68
OTT services	<u>8,256</u>	<u>12,837</u>	<u>27,810</u>	<u>40,276</u>
	<u>8,457</u>	<u>14,416</u>	<u>29,206</u>	<u>43,274</u>
Discontinued operations				
Revenue from provision of				
Systems development	–	–	–	1,559
Rent income arising from property investment	<u>–</u>	<u>–</u>	<u>–</u>	<u>600</u>
	<u>–</u>	<u>–</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><u>8,457</u></u>	<u><u>14,416</u></u>	<u><u>29,206</u></u>	<u><u>197,377</u></u>

5. OTHER INCOME AND GAIN

	Unaudited			
	Three months ended		Nine months ended	
	31 December		31 December	
	2019	2018	2019	2018
HK\$'000	HK\$'000	HK\$'000	HK\$'000	
Continuing operations				
Gain on waive of promissory note	-	-	14,155	-
Overprovision of accruals in prior years	2,171	-	2,171	-
Gain on disposal of subsidiaries	190	16,759	190	49,663
Others	1	6	4	7
	<u>2,362</u>	<u>16,765</u>	<u>16,520</u>	<u>49,670</u>
Discontinued operations				
Interest income	-	-	-	2
Others	-	-	-	1
Reversal of impairment losses in respect of				
- trade receivables	-	-	-	17
- other receivables	-	-	-	52
	<u>-</u>	<u>-</u>	<u>-</u>	<u>72</u>
	<u>2,362</u>	<u>16,765</u>	<u>16,520</u>	<u>49,742</u>

6. FINANCE COSTS

	Unaudited			
	Three months ended		Nine months ended	
	31 December		31 December	
	2019	2018	2019	2018
HK\$'000	HK\$'000	HK\$'000	HK\$'000	
Continuing operations				
Interest on promissory notes	-	1,848	380	8,336
Interest on short term loans	1,137	2,562	3,784	9,303
Interest on bonds	204	17	1,090	853
Others	139	-	139	132
	<u>1,480</u>	<u>4,427</u>	<u>5,393</u>	<u>18,624</u>
Discontinued operations				
Interest on bank borrowing repayable within one year	-	-	-	2,464
	<u>1,480</u>	<u>4,427</u>	<u>5,393</u>	<u>21,088</u>

7. INCOME TAX EXPENSES

- (a) Hong Kong profits 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 nine months ended 31 December 2019 and 2018.
- (b) Under the Law of the People's Republic of China (the "PRC") on Enterprise Income Tax (the "EIT Law") and Implementation Regulation of the EIT Law, the standard tax rate is 25%.

8a. (LOSS)/PROFIT FOR THE PERIOD FROM CONTINUING OPERATIONS

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

	Unaudited			
	Three months ended		Nine months ended	
	31 December		31 December	
	2019	2018	2019	2018
	HK\$'000	HK\$'000	HK\$'000	HK\$'000
Staff costs				
Salaries and other benefits	1,354	2,073	4,534	7,280
Retirement benefits scheme contributions	99	113	287	345
	<u>1,453</u>	<u>2,186</u>	<u>4,821</u>	<u>7,625</u>
Amortisation of intangible assets	1,722	1,722	5,166	5,166
Auditors' remuneration	-	44	-	414
Depreciation	138	147	420	451
Operating leases	89	1,289	163	3,909
	<u>1,958</u>	<u>3,262</u>	<u>5,770</u>	<u>9,165</u>

8b. (LOSS)/PROFIT FOR THE PERIOD FROM DISCONTINUED OPERATIONS

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

	Unaudited			
	Three months ended		Nine months ended	
	31 December		31 December	
	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>

9. DIVIDEND

The Board does not recommend the payment of any dividend for the nine months ended 31 December 2019 (2018: Nil).

10. (LOSS)/EARNINGS PER SHARE

From continuing and discontinued operations

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

Unaudited			
Three months ended		Nine months ended	
31 December		31 December	
2019	2018	2019	2018
<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>

(Loss)/profit for the period from continuing and discontinued operations attributable to owners of the Company

<u>(3,741)</u>	<u>4,153</u>	<u>473</u>	<u>674</u>
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Unaudited			
Three months ended		Nine months ended	
31 December		31 December	
2019	2018	2019	2018

Number of shares

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

<u>142,256,878</u>	<u>142,256,878</u>	<u>142,256,878</u>	<u>142,256,878</u>
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From continuing operations

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

Unaudited			
Three months ended		Nine months ended	
31 December		31 December	
2019	2018	2019	2018
<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>

(Loss)/profit for the period from continuing operations attributable to owners of the Company

<u>(3,741)</u>	<u>4,153</u>	<u>473</u>	<u>2,858</u>
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The denominators used are the same as those detailed above for both basic and diluted (loss)/earnings per share.

From discontinued operation

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

	Unaudited			
	Three months ended		Nine months ended	
	31 December		31 December	
	2019	2018	2019	2018
	HK\$'000	HK\$'000	HK\$'000	HK\$'000
Loss for the period from discontinued operations attributable to owners of the Company	<u>-</u>	<u>-</u>	<u>-</u>	<u>(2,184)</u>
Loss per share from discontinued operations				
- Basic and diluted (<i>HK cents</i>)	<u>-</u>	<u>-</u>	<u>-</u>	<u>(1.54)</u>

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 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.

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.

The revenue from provision of professional services amounted to approximately HK\$1.4 million for the nine months ended 31 December 2019 (nine months ended 31 December 2018: approximately HK\$2.9 million). The decrease in revenue was due to the general underlying uncertainties in Hong Kong which has been affected by the social movement since June 2019.

Money lending business

During middle of December 2019, the money lending business had been sold to the independent third party due to the uncertainties in Hong Kong which has been affected by the social movement since June 2019. The interest income in money lending business amounted to approximately HK\$8,000 for the nine months ended 31 December 2019 (nine months ended 31 December 2018: approximately HK\$68,000). The decrease in revenue was due to the general underlying uncertainties in Hong Kong which has been affected by the social movement since June 2019.

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 from provision of OTT services amounted to approximately HK\$27.8 million for the nine months ended 31 December 2019 (nine months ended 31 December 2018: approximately HK\$40.3 million). The decrease of segment profit is primarily due to the expiration of 24 month contracts of the subscribers on our video-on-demand platform.

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. 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 nine months ended 31 December 2019, the Group recorded a turnover of approximately HK\$29.2 million (nine months ended 31 December 2018: approximately HK\$197.4 million) representing a decrease of approximately 85.2% as compared to that of the corresponding period in 2018. The decrease in turnover was due to decrease in the proceeds from sales of financial assets at fair value through profit or loss. Other expenses from continuing operations decreased to approximately HK\$5.4 million as compared to approximately HK\$14.6 million recorded for the corresponding period in 2018. The reduction in general operating costs, which is mainly from the reduction of staff costs and rental costs. Finance cost from continuing operations decreased to approximately HK\$5.4 million as compared to approximately HK\$18.6 million recorded for the corresponding period in 2018, representing a decrease of approximately 71.0%. The reduction in finance costs which is mainly from the waiver of principal and interests on promission notes which was discharged in November 2018 and settlement of short term loans during the second and third quarters of 2018. As a result, there was the profit of approximately HK\$1.0 million for the nine months ended 31 December 2019 as compared to the corresponding period in 2018 of a loss of approximately HK\$0.7 million. There was a profit of approximately HK\$0.5 million attributable to the owners of the Company as compared to a profit of approximately HK\$0.7 million recorded for the corresponding period in 2018. The decrease in turnover partially offsets the decrease in other expenses from continuing operations and finance costs.

LIQUIDITY, FINANCIAL RESOURCES AND CAPITAL STRUCTURE

During the nine months ended 31 December 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.

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

No material acquisition and disposal was completed during the nine months ended 31 December 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. There were no movement in the share options during the nine months ended 31 December 2019 and there were no outstanding share options as at 31 December 2019 and 31 December 2018 respectively.

DIRECTORS' AND CHIEF EXECUTIVE'S INTERESTS IN SECURITIES

As at 31 December 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

As at 31 December 2019, 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)
Bayan Invest Limited	Beneficial Owner	8,334,000	5.86

Notes:

1. As at 31 December 2019, the issued share capital of the Company was 142,256,878 shares.

Save as disclosed above, as at 31 December 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 nine months ended 31 December 2019 or at any time during such period.

DIRECTORS' COMPETING INTERESTS

As at 31 December 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 31 December 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, 5.29 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.

As at 31 December 2019, the audit committee consists of three independent non-executive Directors namely Mr. Ho Siu King, Stanley, Mr. Hau Chi Kit and Mr. Ma Stephen Tsz On.

The unaudited condensed consolidated financial statements of the Group for the nine months ended 31 December 2019 have been reviewed by the audit committee of the Company, and is of the opinion that the preparation of such statements comply with the applicable accounting standards, GEM Listing Rules and that adequate disclosures have been made.

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 nine months ended 31 December 2019.

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 nine months ended 31 December 2019.

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

During the nine 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

Pursuant to Rule 17.50A(1) of the GEM Listing Rules, there are some changes in the information of the Directors subsequent to the date of the Company's 2018/2019 annual report.

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 general partner 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 do 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 resigned as an executive Director of the Company.

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

Hong Kong, 12 February 2020

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 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 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.