



hmvod Limited

hmvod 視頻有限公司

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 8103)

**FIRST QUARTERLY REPORT
FOR THE THREE MONTHS
ENDED 30 JUNE 2020**

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 of the Stock Exchange 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 “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 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

- Revenue for the three months ended 30 June 2020 amounted to approximately HK\$7.8 million representing a decrease of approximately 26.4% as compared to the corresponding period in 2019.
- Loss attributable to the owners of the Company for the three months ended 30 June 2020 amounted to approximately HK\$3.7 million (three months ended 30 June 2019: profit of approximately HK\$9.8 million).
- Basic loss per share for the three months ended 30 June 2020 was approximately HK2.6 cents (three months ended 30 June 2019: earnings per share of approximately HK6.94 cents).
- The Board does not recommend the payment of any dividend for the three months ended 30 June 2020.

The board of Directors (the “**Board**”) of the Company presents the unaudited condensed consolidated financial information of the Company and its subsidiaries (collectively the “**Group**”) for the three months ended 30 June 2020, together with the unaudited comparative figures for the corresponding period in 2019 as follows:

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

	<i>Notes</i>	Unaudited	
		Three months ended 30 June	
		2020	2019
		HK\$'000	<i>HK\$'000</i>
			(Restated)
Turnover	4	7,783	10,563
CONTINUING OPERATIONS			
Revenue	4	7,783	10,556
Other income and gains	5	73	14,156
Subcontractors costs		(5,833)	(7,843)
Other expenses		(940)	(1,526)
Depreciation of property, plant and equipment		(137)	(141)
Amortisation of intangible assets		(1,722)	(1,722)
Staff costs, including Directors' emoluments		(1,150)	(1,818)
Finance costs	6	(2,015)	(2,152)
(Loss)/profit before tax		(3,941)	9,510
Income tax credit	7	281	284
(Loss)/profit for the period from continuing operations	8	(3,660)	9,794
DISCONTINUED OPERATIONS			
Loss for the period from discontinued operations		-	(6)
(Loss)/profit for the period		(3,660)	9,788
Other comprehensive income/(expenses)			
Item that will not be reclassified subsequently to profit or loss:			
Exchange difference arising on translation of foreign operations		250	(91)
Total comprehensive (expenses)/income for the period		(3,410)	9,697

Unaudited
Three months ended 30 June

	<i>Note</i>	2020	2019
		HK\$'000	HK\$'000
			(Restated)
(Loss)/profit for the period attributable to:			
Owners of the Company		(3,695)	9,877
Non-controlling interests		35	(89)
		<u>(3,660)</u>	<u>9,788</u>
Total comprehensive (expenses)/income for the period attributable to:			
Owners of the Company		(3,484)	9,797
Non-controlling interests		74	(100)
		<u>(3,410)</u>	<u>9,697</u>
(Loss)/earnings per share			
(Loss)/earnings per share from continuing and discontinued operations			
– Basic and diluted (<i>HK cents</i>)	<i>10</i>	<u>(2.60)</u>	<u>6.94</u>
(Loss)/earnings per share from continuing operations			
– Basic and diluted (<i>HK cents</i>)	<i>10</i>	<u>(2.60)</u>	<u>6.95</u>
Loss per share from discontinued operations			
– Basic and diluted (<i>HK cents</i>)	<i>10</i>	<u>–</u>	<u>(0.004)</u>

UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the three months ended 30 June 2020

	Attributable to owners of the Company							Non-controlling interests	Total
	Share capital	Share premium	General reserve	Capital reserve	Exchange translation reserve	Accumulated losses	Sub-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 2019 (audited)	142	510,565	-	1,200	1,586	(597,004)	(83,511)	(8,091)	(91,602)
Loss for the period	-	-	-	-	-	9,877	9,877	(89)	9,788
Exchange difference arising on translation of foreign operations	-	-	-	-	(80)	-	(80)	(11)	(91)
Total comprehensive income/ (expenses) for the period	-	-	-	-	(80)	9,877	9,797	(100)	9,697
At 30 June 2019 (unaudited)	<u>142</u>	<u>510,565</u>	<u>-</u>	<u>1,200</u>	<u>1,506</u>	<u>(587,127)</u>	<u>(73,714)</u>	<u>(8,191)</u>	<u>(81,905)</u>
At 1 April 2020 (audited)	142	510,565	-	1,200	(470)	(634,152)	(122,715)	(9,689)	(132,404)
Loss for the period	-	-	-	-	-	(3,695)	(3,695)	35	(3,660)
Exchange difference arising on translation of foreign operations	-	-	-	-	211	-	211	39	250
Total comprehensive income/ (expenses) for the period	-	-	-	-	211	(3,695)	(3,484)	74	(3,410)
At 30 June 2020 (unaudited)	<u>142</u>	<u>510,565</u>	<u>-</u>	<u>1,200</u>	<u>(259)</u>	<u>(637,847)</u>	<u>(126,199)</u>	<u>(9,615)</u>	<u>(135,814)</u>

NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED FINANCIAL INFORMATION

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. The address of its principal place of business in Hong Kong is Unit C, 8/F, D2 Place Two, 15 Cheung Shun Street, Cheung Sha Wan, Kowloon, Hong Kong. The shares of the Company are listed on the GEM.

2. BASIS OF PREPARATION

The Group's unaudited condensed consolidated financial statements for the three months ended 30 June 2020 have been prepared in accordance with Hong Kong Financial Reporting Standards ("HKFRSs") issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA"). In addition, the consolidated financial statements include applicable disclosures required by the Rules Governing the Listing of Securities on the GEM of The Stock Exchange and by the Hong Kong Companies Ordinance applicable to interim periods. However, it does not contain sufficient information to constitute an interim financial report as defined in HKFRS.

The principal accounting policies applied in preparing the unaudited condensed consolidated financial statements for the three months ended 30 June 2020 are set out in note 3.

3. PRINCIPAL ACCOUNTING POLICIES

The accounting policies used in the unaudited condensed consolidated financial statements for the three months ended 30 June 2020 are consistent with those followed in the preparation of the Group's annual consolidated financial statements for the year ended 31 March 2020.

The unaudited condensed consolidated financial statements for the three months ended 30 June 2020 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 AND TURNOVER

Revenue represents the amounts arising 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 30 June	
	2020	2019
	HK\$'000	HK\$'000
		(Restated)
Continuing operations		
Type of services, recognised over time:		
– OTT services	7,718	9,918
– Professional services	65	638
	<u>7,783</u>	<u>10,556</u>
Revenue from contracts with customers, from continuing operations	<u>7,783</u>	<u>10,556</u>
Discontinued operations		
Loan interest income	–	7
	<u>–</u>	<u>7</u>
Revenue from discontinued operations	<u>–</u>	<u>7</u>
Turnover, from continuing and discontinued operations	<u>7,783</u>	<u>10,563</u>

5. OTHER INCOME AND GAINS

	Unaudited	
	Three months ended 30 June	
	2020	2019
	HK\$'000	HK\$'000
		(Restated)
Continuing operations		
Sundry income	70	14,155
Exchange gain	3	–
Bank interest income	–	1
	<u>73</u>	<u>14,156</u>

6. FINANCE COSTS

	Unaudited	
	Three months ended 30 June	
	2020	2019
	<i>HK\$'000</i>	<i>HK\$'000</i>
		(Restated)
Continuing operations		
Interest on bank and other borrowings	1,659	1,316
Interest on bonds	356	456
Imputed interest on promissory notes	–	380
	<u>2,015</u>	<u>2,152</u>

7. INCOME TAX EXPENSES/(CREDIT)

	Unaudited	
	Three months ended 30 June	
	2020	2019
	<i>HK\$'000</i>	<i>HK\$'000</i>
		(Restated)
Continuing operations		
Current tax		
– Hong Kong Profits Tax	3	–
Deferred tax	<u>(284)</u>	<u>(284)</u>
	<u>(281)</u>	<u>(284)</u>

In March 2018, the Hong Kong Government introduced a two-tiered profits tax rate regime by enacting the Inland Revenue (Amendment) (No. 3) Ordinance 2018 (the “**Ordinance**”). Under the two-tiered profits tax rate regime, the first \$2 million of assessable profits of qualifying corporations is taxed at 8.25% and the remaining assessable profits at 16.5%. The Ordinance is effective from the year of assessment 2018–2019.

The directors considered the amount involved upon implementation of the two-tiered profits tax rates regime as insignificant to the condensed consolidated financial statements. Hong Kong Profits Tax is calculated at 16.5% of the estimated assessable profit.

8. PROFIT/(LOSS) FOR THE PERIOD

Profit/(loss) for the period is stated after charging:

	Unaudited	
	Three months ended 30 June	
	2020	2019
	HK\$'000	HK\$'000
		(Restated)
Staff costs		
Salaries and other benefits	1,064	1,710
Retirement benefits scheme contribution	86	108
	<u>1,150</u>	<u>1,818</u>
Auditors' remuneration	-	-
Amortisation of intangible asset	1,722	1,722
Depreciation	137	141
Impairment loss on trade and other receivables	-	71
Operating leases	2	74
	<u>2</u>	<u>74</u>

9. DIVIDEND

The Board did not recommend the payment of any dividend for the three months ended 30 June 2020 (2019: Nil).

10. (LOSS)/EARNINGS PER SHARE

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

From continuing and discontinued operations

	Unaudited	
	Three months ended 30 June	
	2020	2019
	HK\$'000	HK\$'000
(Loss)/profit for the period attributable to owners of the Company	<u>(3,695)</u>	<u>9,877</u>

From continuing operations

	Unaudited	
	Three months ended 30 June	
	2020	2019
	HK\$'000	HK\$'000
		(Restated)
(Loss)/profit for the period attributable to owners of the Company	<u>(3,695)</u>	<u>9,883</u>

From discontinued operations

	Unaudited	
	Three months ended 30 June	
	2020	2019
	HK\$'000	HK\$'000
		(Restated)
Loss for the period attributable to owners of the Company	<u> -</u>	<u> (6)</u>

Number of shares

	Three months ended 30 June	
	2020	2019
	'000	'000
Weighted average ordinary shares for the purpose of basic and diluted (loss)/earnings per share	<u> 142,257</u>	<u> 142,257</u>

Diluted (loss)/earnings per share is the same as the basic (loss)/earnings per share as there are no potential dilution ordinary shares in issue.

11. DISCONTINUED OPERATIONS

On 13 December 2019, the Group had disposed of its entire equity interest in AI Finance Limited, which constituted the Group's money lending operation and, upon completion of the disposal, the Group ceased its money lending operation. The comparative figures in the condensed consolidated statement of profit or loss and other comprehensive income have been restated to re-present the money lending operation as a discontinued operation.

MANAGEMENT DISCUSSION AND ANALYSIS

BUSINESS PERFORMANCE AND PROSPECT

Professional services

In view of the change of business environment, the Group 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.

Professional services recorded a revenue of approximately HK\$0.07 million for the three months ended 30 June 2020 (three months ended 30 June 2019: approximately HK\$0.64 million), representing a decrease of approximately 89.1% as compared to corresponding period in 2019.

Money lending business

In December 2019, the money lending business had been sold to an independent third party. The disposal and decrease in revenue was due to the general underlying uncertainties in Hong Kong which has been affected by the social movement since June 2019, and the unexpected forced majeure event of the continued and worsening situation derived from the recent coronavirus outbreak (2019: approximately HK\$7 thousand).

OTT Services

OTT services is providing multi-media related services and content in the Hong Kong 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\$7.7 million for the three months ended 30 June 2020 (three months ended 30 June 2019: approximately HK\$9.9 million), represents a decrease of approximately 22.2% as compared with the corresponding period in 2019.

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 three months ended 30 June 2020, the Group recorded a revenue of approximately HK\$7.8 million (three months ended 30 June 2019: approximately HK\$10.6 million) representing a decrease of approximately 26.4% as compared to that of the corresponding period in 2019. Other income decreased to approximately HK\$0.07 million as compared to approximately HK\$14.2 million of corresponding period in 2019. The decrease in other income was mainly due to the waiver of the principal and the accrued interest amounting to approximately HK\$14.1 million as mutually agreed between the promissory note holder and the Company in June 2019. Finance cost decreased to approximately HK\$2.0 million as compared to approximately HK\$2.2 million of the corresponding period in 2019, representing a decrease of approximately 9.1% as compared to that of the corresponding period in 2019. The decrease in finance cost was due to waiver of promissory note. Loss attributable to the owners of the Company was approximately HK\$3.7 million for the three months ended 30 June 2020 (three months ended 30 June 2019: profit of approximately HK\$9.9 million).

LIQUIDITY, FINANCIAL RESOURCES AND CAPITAL STRUCTURE

During the three months ended 30 June 2020, 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

The Group did not make any material investment, acquisition and/or disposal during the three months ended 30 June 2020.

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 three months ended 30 June 2020 and there were no outstanding share options as at 30 June 2020 and 30 June 2019 respectively.

DIRECTORS' AND CHIEF EXECUTIVE'S INTERESTS IN SECURITIES

As at 30 June 2020, 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 of 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 June 2020, 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 positions in the Shares:

Name of Substantial Shareholders	Capacity	Number of Shares/underlying Shares held	Approximate percentage of total number of issued Shares of the Company <i>(note 1)</i> <i>(note 5)</i>
Kingston Securities Limited <i>(note 2)</i>	Beneficial owner	30,000,000	35.1
Galaxy Sky Investments Limited <i>(note 2)</i>	Interest in controlled corporation	30,000,000	35.1
Kingston Capital Asia Limited <i>(note 2)</i>	Interest in controlled corporation	30,000,000	35.1
Kingston Financial Group Limited <i>(note 2)</i>	Interest in controlled corporation	30,000,000	35.1
Active Dynamic Limited <i>(note 2)</i>	Interest in controlled corporation	30,000,000	35.1
Chu Yuet Wah <i>(note 2)</i>	Interest in controlled corporation	30,000,000	35.1

Name of Substantial Shareholders	Capacity	Number of Shares/underlying Shares held	Approximate percentage of total number of issued Shares of the Company <i>(note 1)</i> <i>(note 5)</i>
VMS Securities Limited <i>(note 3)</i>	Beneficial owner	8,000,000	9.4
VMS Financial Group Limited <i>(note 3)</i>	Interest in controlled corporation	8,000,000	9.4
VMS Securities Holdings Limited <i>(note 3)</i>	Interest in controlled corporation	8,000,000	9.4
Fastlane Global Investments Limited <i>(note 3)</i>	Interest in controlled corporation	8,000,000	9.4
VMS Holdings Limited <i>(note 3)</i>	Interest in controlled corporation	8,000,000	9.4
Master Competent Limited <i>(note 3)</i>	Interest in controlled corporation	8,000,000	9.4
Mak Siu Hang Viola <i>(note 3)</i>	Interest in controlled corporation	8,000,000	9.4
Get Nice Securities Limited <i>(note 4)</i>	Beneficial owner	8,000,000	9.4
Get Nice Incorporated <i>(note 4)</i>	Interest in controlled corporation	8,000,000	9.4
Get Nice Financial Group Limited <i>(note 4)</i>	Interest in controlled corporation	8,000,000	9.4
Get Nice Holdings Limited <i>(note 4)</i>	Interest in controlled corporation	8,000,000	9.4

Notes:

1. The percentage holding is calculated based on the expected issued share capital of the Company as consolidated under Share Consolidation and enlarged by the issue of Rights Shares under the Rights Issue comprising 85,354,122 Shares.
2. Based on the notice of disclosure of interest filed by Kingston Securities Limited on 10 June 2020, Kingston Securities Limited has deemed interest in 30,000,000 Shares by virtue of itself acting as a sub-underwriter agreeing to sub-underwrite the said shares in relation to the proposed Rights Issue. Kingston Securities Limited is wholly-owned by Galaxy Sky Investments Limited, which is in turn wholly owned by Kingston Capital Asia Limited. Kingston Capital Asia Limited is wholly-owned by Kingston Financial Group Limited which is in turn 74.6% owned by Active Dynamic Limited. Active Dynamic Limited is wholly-owned by Chu Yuet Wah. Each of Galaxy Sky Investments Limited, Kingston Capital Asia Limited, Kingston Financial Group Limited, Active Dynamic Limited and Chu Yuet Wah is deemed to be interested 30,000,000 Shares held by Kingston Securities Limited.
3. Based on the notice of disclosure of interest filed by VMS Securities Limited on 11 June 2020, VMS Securities Limited has deemed interest in 8,000,000 Shares by virtue of itself acting as a sub-underwriter agreeing to sub-underwrite the said shares in relation to the proposed Rights Issue. VMS Securities Limited is wholly-owned by VMS Financial Group Limited, which in turn is wholly-owned by VMS Securities Holdings Limited and in turn wholly owned by Fastlane Global Investments Limited. Fastlane Global Investments Limited is wholly owned by VMS Holdings Limited, which is owned as to 59.8% by Mak Siu Hang Viola and 32.2% by Master Competent Limited, which is wholly owned by Mak Siu Hang Viola. Each of VMS Financial Group Limited, VMS Securities Holdings Limited, Fastlane Global Investments Limited, VMS Holdings Limited, Master Competent Limited and Mak Siu Hang Viola is deemed to be interested 8,000,000 Shares held by VMS Securities Limited.
4. Based on the notice of disclosure of interest filed by Get Nice Securities Limited on 9 June 2020, Get Nice Securities Limited has deemed interest in 8,000,000 Shares by virtue of itself acting as a sub-underwriter agreeing to sub-underwrite the said shares in relation to the proposed Rights Issue. Get Nice Securities Limited is wholly-owned by Get Nice Incorporated, which in turn is wholly owned by Get Nice Financial Group Limited. Get Nice Financial Group Limited is owned as to approximately 72.8% by Get Nice Holdings Limited which is listed on main board of the Stock Exchange (stock code: 64). Each of Get Nice Incorporated, Get Nice Financial Group Limited and Get Nice Holdings Limited is deemed to be interested 8,000,000 Shares held by Get Nice Securities Limited.
5. As at 30 June 2020, the total issued share capital of the Company is 142,256,878 shares.

Save as disclosed above, as at 30 June 2020, so far as was known to the Directors and chief executive of the Company, no person (other than a Director or chief executive of the Company), had, or were deemed or taken to have interests or short positions in the Shares or underlying Shares which would fall to be disclosed to the Company and the Stock Exchange under the provisions of Divisions 2 and 3 of Part XV of the SFO and required to be entered into the register maintained by the Company pursuant to Section 336 of the SFO.

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 three months ended 30 June 2020.

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 of the Group had a material interest, whether directly or indirectly, subsisted at the three months ended 30 June 2020 or at any time during such period.

DIRECTORS' COMPETING INTERESTS

As at 30 June 2020, 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.

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 primary duties of the audit committee includes reviewing 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 30 June 2020 and up to the date of this report, 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 information of the Group for the three month ended 30 June 2020 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 and the GEM Listing Rules and that adequate disclosures have been made.

CODE ON CORPORATE GOVERNANCE PRACTICES (THE "CODE")

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 reporting period.

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

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

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

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. Ho Alvin Tzuen Chung

Ms. Sin Pui Ying

Independent non-executive Directors:

Mr. Ho Siu King, Stanley

Mr. Hau Chi Kit

Mr. Ma Stephen Tsz On

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