



**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 2020**

## **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 2020 amounted to approximately HK\$15.9 million representing a decrease of approximately 23.2% over the corresponding period in 2019.
- Loss for the period from continuing operations for the six months ended 30 September 2020 amounted to approximately HK\$10.3 million (2019: Profit of HK\$4 million).
- Basic loss per share from continuing operations for the six months ended 30 September 2020 was approximately HK\$72 cents (2019: profit per share of HK\$30 cents).
- The Board does not recommend the payment of an interim dividend for the six months ended 30 September 2020 (2019: 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 2020, together with the unaudited comparative figures for the corresponding periods in 2019, 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	
		2020 <i>HK\$'000</i>	2019 <i>HK\$'000</i>	2020 <i>HK\$'000</i>	2019 <i>HK\$'000</i>
<b>Turnover</b>	3	<u>8,093</u>	10,186	<u>15,876</u>	20,749
<b>Continuing operations</b>					
Revenue	3	8,093	10,178	15,876	20,741
Other income and gain	5	172	2	245	14,158
Subcontractors cost		(4,220)	(9,758)	(10,053)	(17,601)
Amortisation of intangible asset		(1,722)	(1,722)	(3,444)	(3,444)
Selling expenses		(1,147)	(469)	(1,618)	(1,083)
Administrative expenses		(6,170)	(2,764)	(7,926)	(5,635)
Finance costs	6	<u>(1,895)</u>	(1,761)	<u>(3,910)</u>	(3,913)
Profit/(loss) before taxation		(6,889)	(6,294)	(10,830)	3,223
Income tax expenses	7	<u>283</u>	499	<u>564</u>	784
Profit/(loss) for the period from continuing operations	8	<u>(6,606)</u>	(5,795)	<u>(10,266)</u>	4,007

	Notes	Unaudited Three months ended 30 September		Unaudited Six months ended 30 September	
		2020	2019	2020	2019
		HK\$'000	HK\$'000	HK\$'000	HK\$'000
Profit/(loss) for the period attributable to owners of the Company		(6,606)	(5,819)	(10,266)	3,970
Other comprehensive income					
Item that may be reclassified subsequently to profit or loss:					
Exchange difference arising on translation of foreign operations		(321)	91	(71)	–
Total comprehensive income/ (expense) for the period attributable to owners of the Company		<u>(6,927)</u>	<u>(5,728)</u>	<u>(10,337)</u>	<u>3,970</u>
Profit/(loss) for the period attributable to:					
Owners of the Company		(6,775)	(5,664)	(10,470)	4,214
Non-controlling interest		<u>169</u>	<u>(155)</u>	<u>204</u>	<u>(244)</u>
		<u>(6,606)</u>	<u>(5,819)</u>	<u>(10,266)</u>	<u>3,970</u>
Total comprehensive income/ (expense) for the period attributable to:					
Owners of the Company		(7,057)	(5,584)	(10,541)	4,214
Non-controlling interest		<u>130</u>	<u>(144)</u>	<u>204</u>	<u>(244)</u>
		<u>(6,927)</u>	<u>(5,728)</u>	<u>(10,337)</u>	<u>3,970</u>
Earning/(loss) per share					
From continuing and discontinued operations					
– Basic & Diluted (HK cents)	10	<u>(46)</u>	<u>(40)</u>	<u>(72)</u>	<u>30</u>
From continuing operations					
– Basic & Diluted (HK cents)	10	<u>(46)</u>	<u>(40)</u>	<u>(72)</u>	<u>30</u>

## CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

		Unaudited 30 September 2020 <i>HK\$'000</i>	Audited 31 March 2020 <i>HK\$'000</i>
	<i>Notes</i>		
<b>Non-current assets</b>			
Plant and equipment		1,360	1,526
Goodwill		15,749	15,749
Intangible assets		<u>12,053</u>	<u>15,497</u>
		<u>29,162</u>	<u>32,772</u>
<b>Current assets</b>			
Trade and other receivables	<i>11</i>	5,132	4,429
Deposits and prepayments		1,990	1,153
Bank balances and cash		<u>6,383</u>	<u>1,525</u>
		<u>13,505</u>	<u>7,107</u>
<b>Current liabilities</b>			
Trade and other payables	<i>12</i>	82,907	86,425
Bank and other borrowings	<i>13</i>	20,689	64,095
Bonds		9,877	10,134
Tax payable		<u>377</u>	<u>380</u>
		<u>113,850</u>	<u>161,034</u>
<b>Net current liabilities</b>		<u>(100,345)</u>	<u>(153,927)</u>
<b>Total assets less current liabilities</b>		<u><u>(71,183)</u></u>	<u><u>(121,155)</u></u>

		<b>Unaudited</b>	Audited
		<b>30 September</b>	31 March
		<b>2020</b>	2020
<i>Notes</i>		<b><i>HK\$'000</i></b>	<b><i>HK\$'000</i></b>
<b>Capital and Reserves</b>			
Share capital	<i>14</i>	<b>853</b>	142
Share premium and reserves	<i>15</i>	<u><b>(73,650)</b></u>	<u>(122,857)</u>
Deficit attributable to owners of the Company		<b>(72,797)</b>	(122,715)
Non-controlling interest		<u><b>(9,496)</b></u>	<u>(9,689)</u>
		<u><b>(82,293)</b></u>	<u>(132,404)</u>
<b>Non-current liabilities</b>			
Bonds		<b>9,121</b>	8,692
Deferred tax liabilities		<u><b>1,989</b></u>	<u>2,557</u>
		<u><b>11,110</b></u>	<u>11,249</u>
		<u><b>(71,183)</b></u>	<u>(121,155)</u>

## UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

	Share Capital <i>HK\$'000</i>	Share premium <i>HK\$'000</i>	Capital reserve <i>HK\$'000</i>	Exchange translation reserve <i>HK\$'000</i>	Accumulated losses <i>HK\$'000</i>	Sub-total <i>HK\$'000</i>	Non- controlling interest <i>HK\$'000</i>	Total <i>HK\$'000</i>
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	<u>–</u>	<u>–</u>	<u>–</u>	<u>–</u>	<u>4,214</u>	<u>4,214</u>	<u>(244)</u>	<u>3,970</u>
At 30 September 2019 (unaudited)	<u>142</u>	<u>510,565</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>
At 1 April 2020 (audited)	<b>142</b>	<b>510,565</b>	<b>1,200</b>	<b>(470)</b>	<b>(634,152)</b>	<b>(122,715)</b>	<b>(9,689)</b>	<b>(132,404)</b>
Profit and total comprehensive income for the period	<u>711</u>	<u>59,748</u>	<u>–</u>	<u>(71)</u>	<u>(10,470)</u>	<u>49,918</u>	<u>193</u>	<u>50,111</u>
At 30 September 2020 (unaudited)	<u>853</u>	<u>570,313</u>	<u>1,200</u>	<u>(541)</u>	<u>(644,622)</u>	<u>(72,797)</u>	<u>(9,496)</u>	<u>(82,293)</u>



## UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

	Unaudited Six months ended 30 September	
	2020 <i>HK\$'000</i>	2019 <i>HK\$'000</i>
Net cash (outflow)/inflow from operating activities	<b>8,768</b>	(230)
Net cash outflow from financing activities	<u>(3,910)</u>	<u>(646)</u>
Net decrease in cash and cash equivalents	<b>4,858</b>	(876)
Cash and cash equivalents at 1 April	<u>1,525</u>	<u>2,546</u>
Cash and cash equivalents at 30 September	<u><b>6,383</b></u>	<u>1,670</u>
Analysis of the balances of cash and cash equivalents		
Cash and bank balances	<u>6,383</u>	<u>1,670</u>
	<u><b>6,383</b></u>	<u>1,670</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. 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 interim financial statements of the Company for the six months ended 30 September 2020 (the "Interim Financial Statements") are prepared in accordance with Hong Kong Accounting Standard ("HKAS") 34 "Interim Financial Reporting" issued by the Hong Kong Institute of Certified Public Accountants (the "HKICPA") and with the applicable disclosure requirements of Chapter 18 of the Rules Governing the Listing of Securities on GEM of the Stock Exchange.

The preparation of the Interim Financial Statements in conformity with HKAS 34 requires the management to make judgements, estimates and assumptions that affect the application of policies and reported amounts of assets and liabilities, income and expenses on a year to date basis. Actual results may differ from these estimates.

The Interim Financial Statements include an explanation of events and transactions that are significant to an understanding of the changes in financial position and performance of the Group since 31 March 2020, and therefore, do not include all of the information required for full set of financial statements prepared in accordance with the Hong Kong Financial Reporting Standards ("HKFRSs") which collective term includes all applicable individual HKFRSs, HKAS and Interpretations issued by the HKICPA. They shall be read in conjunction with the Group's audited financial statements for the year ended 31 March 2020 (the "2020 Annual Financial Statements").

The Interim Financial Statements have been prepared on the historical costs basis and presented in Hong Kong dollars ("HK\$"), which is the same as the functional currency of the Company and all values are rounded to the nearest thousands (HK\$'000) except otherwise indicated.

The accounting policies and methods of computation applied in the preparation of the Interim Financial Statements are consistent with those applied in preparing the 2020 Annual Financial Statements except for the adoption of the new/revised HKFRSs which are relevant to the Group's operation and are effective for the Group's financial year beginning on 1 April 2020.

Amendments to HKASs 1 and 8

Definition of Material

Amendments to HKAS 39, HKFRSs 7 and 9

Interest Rate Benchmark Reform

The Group has not early adopted any new/revised HKFRSs that have been issued but are not yet effective for the current period. The Directors do not anticipate that the adoption of new/revised HKFRSs in future periods will have any material impact on the results of the Group.

### Going Concern

In preparing the Interim Financial Statements, the directors of the Company (the "Directors") have given careful consideration to the future liquidity of the Group in light of the fact that the Group's current liabilities exceeded its current assets by approximately HK\$100,345,000 at 30 September 2020. In addition, the Group incurred a loss from continuing operation of approximately HK\$10,266,000 for the period ended 30 September 2020. There is a material uncertainty related to these matters that may cast significant doubt on the Group's ability to continue as a going concern and, therefore, the Group may be unable to realise its assets and discharge its liabilities in the normal course of business.

The Directors are of the opinion that the Group will have sufficient working capital to finance its operations and to meet its financial obligations for at least the next twelve months from the date of approval of the Interim Financial Statements, after taking into consideration of the followings:

1. Boost revenue under rolling business plans;
2. Extend maturity date of loan and other payables;
3. Negotiate with bondholders to settle the bond by cash and shares;
4. Fund raising by right issue;
5. Request for extended loan facility to settle overdue payables; and
6. Carry out cost control measures.

### 3. REVENUE

Revenue represents income from professional services rendered, 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		30 September	
	2020	2019	2020	2019
	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>
<b>Continuing operations</b>				
Revenue from provision of				
– Professional services fees	121	549	186	1,187
– OTT services	<u>7,972</u>	<u>9,629</u>	<u>15,690</u>	<u>19,554</u>
	<u>8,093</u>	<u>10,178</u>	<u>15,876</u>	<u>20,741</u>
<b>Discontinued operations</b>				
Revenue from provision of				
– Money lending	–	8	–	8
	–	8	–	8
Turnover	<u>8,093</u>	<u>10,186</u>	<u>15,876</u>	<u>20,749</u>

#### 4. 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 2020 and 2019 by operating segment is as follows:

	Continuing operations				Discontinued operations		Consolidated	
	Professional services		OTT services		Money lending		2020	2019
	2020	2019	2020	2019	2020	2019	2020	2019
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
REVENUE								
Revenue from external customers	<u>186</u>	<u>1,187</u>	<u>15,690</u>	<u>19,554</u>	<u>-</u>	<u>8</u>	<u>15,876</u>	<u>20,749</u>
RESULT								
Segment results	<u>(14)</u>	<u>(45)</u>	<u>1,454</u>	<u>(4,986)</u>	<u>-</u>	<u>(37)</u>	<u>1,440</u>	<u>(5,068)</u>
Interest income							-	2
Unallocated income and gains							245	14,156
Unallocated expenses and losses							(8,605)	(1,991)
Finance costs							<u>(3,910)</u>	<u>(3,913)</u>
Profit/(loss) before taxation							<u>(10,830)</u>	<u>3,186</u>

(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		OTT services		Consolidated	
	30 September	31 March	30 September	31 March	30 September	31 March
	2020	2020	2020	2020	2020	2020
	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>
<b>ASSETS</b>						
Segment assets	<u>–</u>	<u>20</u>	<u>32,934</u>	<u>35,376</u>	<u>32,934</u>	<u>35,396</u>
Unallocated assets						
– Plant and equipment					<u>1,360</u>	1,526
– Other receivables, deposits and prepayments					<u>1,990</u>	1,432
– Bank balances and cash					<u>6,383</u>	1,525
Total assets					<u>42,667</u>	<u>39,879</u>
<b>LIABILITIES</b>						
Segment liabilities	<u>931</u>	<u>1,003</u>	<u>6,675</u>	<u>27,721</u>	<u>7,606</u>	28,724
Unallocated liabilities						
– Other payables					<u>75,301</u>	74,701
– Bank and other borrowings					<u>20,689</u>	47,095
– Bonds					<u>18,998</u>	18,826
– Deferred tax liabilities					<u>1,989</u>	2,557
– Tax payable					<u>377</u>	380
Total liabilities					<u>124,960</u>	<u>172,283</u>

5. OTHER INCOME AND GAIN

	Unaudited			
	Three months ended		Six months ended	
	30 September		30 September	
	2020	2019	2020	2019
<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>	
Interest income	-	1	-	2
Gain on waive of promissory note	-	-	-	14,155
Others	172	1	245	1
	<u>172</u>	<u>1</u>	<u>245</u>	<u>1</u>
	<u><u>172</u></u>	<u><u>2</u></u>	<u><u>245</u></u>	<u><u>14,158</u></u>

6. FINANCE COSTS

	Unaudited			
	Three months ended		Six months ended	
	30 September		30 September	
	2020	2019	2020	2019
<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>	
Interest on promissory notes	-	-	-	380
Interest on short term loans	1,493	1,331	3,128	2,647
Interest on bonds	379	430	736	886
Others	23	-	46	-
	<u>1,895</u>	<u>1,761</u>	<u>3,910</u>	<u>3,913</u>
	<u><u>1,895</u></u>	<u><u>1,761</u></u>	<u><u>3,910</u></u>	<u><u>3,913</u></u>

## 7. 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 2020 and 2019.
- (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%.

## 8. 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		Six months ended	
	30 September		30 September	
	2020	2019	2020	2019
	HK\$'000	HK\$'000	HK\$'000	HK\$'000
Staff costs				
Salaries and other benefits	1,665	1,469	2,742	3,179
Retirement benefits scheme contributions	109	80	182	188
	<u>1,774</u>	<u>1,549</u>	<u>2,924</u>	<u>3,367</u>
Amortisation of intangible assets	1,722	1,722	3,444	3,444
Depreciation	138	141	275	282
Operating leases	4	60	-	74
	<u>4</u>	<u>60</u>	<u>-</u>	<u>74</u>

## 9. DIVIDEND

The Board does not recommend the payment of any dividend for the six months ended 30 September 2020 (2019: Nil).

## 10. 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	
	2020	2019	2020	2019
	<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>(6,775)</u>	<u>(5,664)</u>	<u>(10,470)</u>	<u>4,214</u>

	Unaudited			
	Three months ended		Six months ended	
	30 September		30 September	
	2020	2019	2020	2019
		(restated)	(restated)	

#### Number of shares

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

<u>14,614,367</u>	<u>14,225,687</u>	<u>14,614,367</u>	<u>14,225,687</u>
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### 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	
	2020	2019	2020	2019
	<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 ( <i>HKcents</i> )	<u>(46)</u>	<u>(40)</u>	<u>(72)</u>	<u>30</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	
	2020	2019	2020	2019
	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>(24)</u>	<u>-</u>	<u>(37)</u>
Earning/(loss) per share from discontinued operations				
– Basic and diluted ( <i>HK cents</i> )	<u>-</u>	<u>(0.17)</u>	<u>-</u>	<u>(0.26)</u>

## 11. TRADE AND OTHER RECEIVABLES

	Unaudited	Audited
	At	At
	30 September	31 March
	2020	2020
	HK\$'000	HK\$'000
Trade and bills receivables	5,074	4,777
Less: Impairment loss recognised	<u>-</u>	<u>(626)</u>
	<u>5,074</u>	<u>4,151</u>
Other receivables	<u>58</u>	<u>278</u>
	<u>5,132</u>	<u>4,429</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:

	<b>Unaudited</b>	Audited
	At	At
	<b>30 September</b>	31 March
	<b>2020</b>	2020
	<b>HK\$'000</b>	HK\$'000
0–30 days	2,790	1,656
31–90 days	1,376	1,622
Over 90 days	<b>908</b>	873
	<u>5,074</u>	<u>4,151</u>

## 12. TRADE AND OTHER PAYABLES

	<b>Unaudited</b>	Audited
	At	At
	<b>30 September</b>	31 March
	<b>2020</b>	2020
	<b>HK\$'000</b>	HK\$'000
Trade payables	7,606	11,723
Accrued expenses and other payables	<b>75,301</b>	74,702
	<u>82,907</u>	<u>86,425</u>

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

	<b>Unaudited</b>	Audited
	At	At
	<b>30 September</b>	31 March
	<b>2020</b>	2020
	<b>HK\$'000</b>	HK\$'000
0–30 days	1,187	676
31–90 days	1,083	2,499
Over 90 days	<b>5,336</b>	8,548
	<u>7,606</u>	<u>11,723</u>

**13. BANK AND OTHER BORROWINGS**

	<b>Unaudited</b>	Audited
	<b>At</b>	At
	<b>30 September</b>	31 March
	<b>2020</b>	2020
	<b>HK\$'000</b>	<b>HK\$'000</b>
Other borrowings	<u><b>20,689</b></u>	<u>64,095</u>

**14. SHARE CAPITAL**

	<b>Number of</b>	<b>Nominal</b>
	<b>shares</b>	<b>amount</b>
		<b>HK\$'000</b>
Authorised:		
Ordinary shares of HK\$0.01 each at 31 March 2020 and 30 September 2020	<u>20,000,000,000</u>	<u>200,000</u>
Issued and fully paid:		
Ordinary shares of HK\$1 each at 31 March 2020 and at 30 September 2020	<u>85,354,122</u>	<u>853</u>

**15. 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 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 decrease in revenue to approximately HK\$0.2 million for the six months ended 30 September 2020 (2019: HK\$1.2 million). Such decrease is due to epidemic of "COVID-19", some of our clients had suspended or postponed their projects during this period.

## **Money lending business**

On December 2019, the money lending business has been sold to an 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\$7,000 for the year ended 31 March 2020 (2019: HK\$60,000). 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, and the unexpected force majeure event of the continued and worsening situation derived from the recent coronavirus outbreak.

## **OTT Services**

OTT services is providing multi-media related services and contents in the Hong Kong via different platforms. In view of the growing penetration and expansion of multi-media segment, the Group is about optimistic such business segment. In addition, consumers are moving beyond traditional media, the multi-media platform is an option used by many companies to brand and market their products. As such, the multi-media platform is playing an increasingly vital role in business marketing strategy. 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\$15.7 million for the six months ended 30 September 2020 (2019: HK\$19.6 million), compared with the corresponding period in 2019. Such decrease is due to the policy of social gathering ban adopted by the Hong Kong government and enterprise's work from home policy due to the spread of COVID-19 in 2020 and some protests from social movements have occurred, the business plan to promote the movie and entertainment platform with mobile network operator in mid-2020 has been delayed.

## **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 2020, the Group recorded a turnover of approximately HK\$15.9 million (2019: HK\$20.7 million) representing a decrease of approximately 23.2% as compared to that of the corresponding period in 2019. Other expenses increased to approximately HK\$6.3 million as compared to approximately HK\$3.1 million of corresponding period in 2019, representing an increase of approximately 100% as compared to that of the corresponding period in 2019. The increase in other expenses was due to increase in legal and professional fee in relation to right issue on September 2020. Finance cost remains the same HK\$3.9 million as compared to approximately HK\$3.9 million of the corresponding period in 2019. Loss attributable to the owners of the Company was approximately HK\$10.5 million for the six months ended 30 September 2020 (2019: profit HK\$4.2 million).

## **LIQUIDITY, FINANCIAL RESOURCES AND CAPITAL STRUCTURE**

During the six months ended 30 September 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.

## **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 2020 and 31 March 2020, the gearing ratio was not applicable for the both reporting period.

## **FOREIGN CURRENCY EXPOSURE**

During the six months ended 30 September 2020, 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 2020.

## **EMPLOYEES AND REMUNERATION POLICIES**

As at 30 September 2020, the Group hired 26 employees including the executive Directors (2019: 26). Total staff costs including Directors' remuneration for the six months period under review amounting to approximately HK\$2.9 million (2019: HK\$3.4 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 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 (the “Scheme”). There were no movement in the share options during the six months ended 30 September 2020 and there were no outstanding share options as at 30 September 2019 and 2020. 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 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, 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 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 position in shares of the Company:

Name of Shareholder	Capacity	Number of shares held	Approximate percentage of shareholding (Note 1)
Leung Lisa (Note 2)	Beneficiary Owner	8,500,000	9.96%
Mu Kejia	Beneficiary Owner	8,500,000	9.96%
Kingston Securities Limited (Note 3)	Beneficiary Owner	8,004,000	9.37%

#### Notes:

1. As at 30 September 2020, the issued share capital of the Company was 85,354,122 shares.
2. Based on the notices of disclosure of interest filed by Leung Lisa ("Lisa"), Lisa has a controlling interest in Prosper Rich Investments Limited and is deemed to be interested in these shares held by Prosper Rich Investments Limited.
3. Based on the notices of disclosure of interest filed by Chu Yuet Wah ("Chu"), Chu has a controlling interest in Kingston Securities Limited and is deemed to be interested in these shares held by Kingston Securities Limited.

Save as disclosed above, as at 30 September 2020, 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 2020 or at any time during such period.

## **DIRECTORS' COMPETING INTERESTS**

As at 30 September 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 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 2020 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 2020.

## **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

Ms. Yang Eugenia (“Ms. Yang”) was appointed as an independent non-executive Director of the Company with effect from 9 October 2020.

The biographical information of Ms. Yang is set out below:

**Ms. Yang**, aged 43, is currently an independent non-executive director of C-Link Squared Limited (Stock Code: 1463) (a Malaysia-based outsourced document management services provider and related software applications and enterprise software developer), a company listed on the Main Board of The Stock Exchange of Hong Kong Limited (the “Stock Exchange”).

Ms. Yang was an independent non-executive director of EFT Solutions Holdings Limited (Stock Code: 8062) (principally engaged in the provision of electronic fund transfer at point-of-sale solutions), a company listed on GEM of the Stock Exchange, from August 2017 to September 2019. Ms. Yang was an independent non-executive director of Nority International Group Limited (currently known as Wai Chun Bio-Technology Limited) (Stock Code: 660) (principally engaged in the manufacture and sale of modified starch and other biochemical products), a company listed on the Main Board of the Stock Exchange, from August 2005 to May 2006 and an independent non-executive director of (i) Millennium Pacific Group Holdings Limited (Stock Code: 8147) (principally engaged in the research and development, manufacture and sale of consumer electronic products) from June 2014 to July 2017, and (ii) China Oil Gangran Energy Group Holdings Limited (formerly known as Fairson Holdings Limited) (Stock Code: 8132) (principally engaged in energy related business) from August 2013 to June 2018, the shares of these companies are listed on GEM of the Stock Exchange.

Ms. Yang has been a practising barrister-at-law in Hong Kong since June 2005. She has been a member of CPA Australia since September 2003 and a member of the Hong Kong Institute of Certified Public Accountants since July 2005. She has also been a member of the Institute of Chartered Accountants in England and Wales since May 2016 and a member of the Institute of Certified Public Accountants of Pakistan since May 2017.

Ms. Yang obtained her Bachelor’s degree of Commerce, Postgraduate Diploma in Finance and a Master’s degree of Commerce from The University of Melbourne, Australia, in March 1998, April 1999 and September 2000 respectively, and a Bachelor’s degree of Laws from Monash University, Australia, in March 2003. She also obtained a Postgraduate Certificate in Laws from the City University of Hong Kong in July 2004.

Save as disclosed in this announcement, Ms. Yang (i) does not hold any positions with the Company or other members of the Group; (ii) has not entered into any service contract with the Company or other members of the Group; (iii) was not connected and has no relationship with any existing Directors, senior management, substantial shareholders, or controlling shareholders of the Company; (iv) is not interested in and does not hold any short position in any shares or underlying shares in or any debentures of the Company or any of its associated corporation within the meaning of Part XV of the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong); and (v) did not hold any directorship in the last three years in public companies the securities of which are listed on any securities market in Hong Kong or overseas.

Pursuant to the appointment of Ms. Yang, her initial term of service shall be three years commencing from 9 October 2020 and is subject to rotation and re-election pursuant to the Articles of Association of the Company. Ms. Yang shall be entitled to receive a director's fee of HK\$120,000 per annum which is determined by the Board with reference to the duties and responsibilities undertaken by her as a Director of the Company.

Save as disclosed in this announcement, the Board is not aware of any other information in relation to Ms. Yang that is required to be disclosed pursuant to Rule 17.50 (2)(h) to (v) of the Rules Governing the Listing of Securities on GEM of the Stock Exchange (the "GEM Listing Rules") or any other matter that needs to be brought to the attention of shareholders of the Company in relation to Ms. Yang's appointment.

On 9 October 2019, following the resignation of Mr. Ho Siu King, Stanley as an independent non-executive Director, (i) Mr. Ho ceased to be the chairman of the audit committee, the nomination committee and the remuneration committee; and (ii) Ms. Yang has been appointed as the chairlady of the audit committee, the nomination committee and the remuneration committee.

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

Hong Kong, 13 November 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. Ho Alvin Tzuen Chung  
Ms. Sin Pui Ying

**Independent non-executive Directors:**

Ms. Yang Eugenia  
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](http://www.hmvod.com.hk).*