



**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 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 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 2020 amounted to approximately HK\$25.0 million representing a decrease of approximately 14.5% over the corresponding period in 2019 amounting to approximately HK\$29.2 million.
- Profit for the period for the nine months ended 31 December 2020 amounted to approximately HK\$2.8 million (2019: Profit of HK\$1.0 million).
- Basic earning per share for the nine months ended 31 December 2020 was approximately HK3.54 cents (2019: HK3.32 cents).
- The Board does not recommend the payment of dividend for the nine months ended 31 December 2020 (2019: 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 2020, together with the unaudited comparative figures for the corresponding periods in 2019 as follows:

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

|  | Notes | Unaudited<br>Three months ended<br>31 December |                  | Unaudited<br>Nine months ended<br>31 December |                  |
|--|-------|--|------------------|---|------------------|
|  |       | 2020<br>HK\$'000                               | 2019<br>HK\$'000 | 2020<br>HK\$'000                              | 2019<br>HK\$'000 |
| <b>Turnover</b>  | 4     | <u>9,091</u>                                   | <u>8,457</u>     | <u>24,967</u>                                 | <u>29,206</u>    |
| <b>Continuing operations</b>   |       |  |                  |   |                  |
| Revenue  | 4     | 9,091  | 8,457            | 24,967  | 29,206           |
| Other income and gain  | 5     | 12,988   | 2,362            | 13,233  | 16,520           |
| Subcontractors cost  |       | (5,330)  | (7,188)          | (15,383)                                      | (24,789)         |
| Gain on disposal of financial assets<br>at fair value through profit or loss |       | –  | 172              | –   | 172              |
| Amortisation of intangible asset   |       | (1,722)  | (1,722)          | (5,166)                                       | (5,166)          |
| Selling expenses   |       | (1,029)  | (2,257)          | (2,647)                                       | (5,370)          |
| Administrative expenses  |       | (354)  | (1,591)          | (8,280)                                       | (5,241)          |
| Finance costs  | 6     | <u>(842)</u>                                   | <u>(1,480)</u>   | <u>(4,752)</u>                                | <u>(5,393)</u>   |
| Profit/(loss) before taxation  |       | 12,802   | (3,247)          | 1,972   | (61)             |
| Income tax credit  | 7     | <u>283</u>                                     | <u>282</u>       | <u>847</u>                                    | <u>1,066</u>     |
| Profit/(loss) for the period   | 8     | 13,085   | (2,965)          | 2,819   | 1,005            |
| Other comprehensive income   |       |  |                  |   |                  |
| Item that may be reclassified<br>subsequently to profit or loss:             |       |  |                  |   |                  |
| Exchange difference arising on<br>translation of foreign<br>operations       |       | <u>(82)</u>                                    | <u>(210)</u>     | <u>(153)</u>                                  | <u>(210)</u>     |
| Total comprehensive income/<br>(expense) for the period                      |       | <u>13,003</u>                                  | <u>(3,175)</u>   | <u>2,666</u>                                  | <u>795</u>       |

|   | Unaudited<br>Three months ended<br>31 December |                       | Unaudited<br>Nine months ended<br>31 December |                     |
|---|--|-----------------------|---|---------------------|
|   | 2020   | 2019                  | 2020  | 2019                |
| Note  | HK\$'000                                       | HK\$'000              | HK\$'000                                      | HK\$'000            |
| Profit/(loss) for the period attributable to:                         |  |                       |   |                     |
| Owners of the Company   | <b>11,827</b>                                  | (3,741)               | <b>1,357</b>                                  | 473                 |
| Non-controlling interest  | <b>1,258</b>                                   | 776                   | <b>1,462</b>                                  | 532                 |
|   | <b><u>13,085</u></b>                           | <b><u>(2,965)</u></b> | <b><u>2,819</u></b>                           | <b><u>1,005</u></b> |
| Total comprehensive income/ (expense) for the period attributable to: |  |                       |   |                     |
| Owners of the Company   | <b>11,766</b>                                  | (4,023)               | <b>1,225</b>                                  | 191                 |
| Non-controlling interest  | <b>1,237</b>                                   | 848                   | <b>1,441</b>                                  | 604                 |
|   | <b><u>13,003</u></b>                           | <b><u>(3,175)</u></b> | <b><u>2,666</u></b>                           | <b><u>795</u></b>   |
| Earnings/(loss) per share   |  |                       |   |                     |
| – Basic and diluted ( <i>HK cents</i> )                               | <b>30.9</b>                                    | (26.3)                | <b>3.54</b>                                   | 3.32                |

## UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

|  | Share<br>Capital<br><i>HK\$'000</i> | Share<br>premium<br><i>HK\$'000</i> | Capital<br>reserve<br><i>HK\$'000</i> | Exchange<br>translation<br>reserve<br><i>HK\$'000</i> | Accumulated<br>losses<br><i>HK\$'000</i> | Sub-total<br><i>HK\$'000</i> | Non-<br>controlling<br>interests<br><i>HK\$'000</i> | Total<br><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 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>142</u>                          | <u>510,565</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>          |
| 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>         |
| Rights issue of shares   | <b>712</b>                          | <b>59,780</b>                       | -                                     | -   | -  | <b>60,492</b>                | -   | <b>60,492</b>            |
| Transaction cost attributable to rights issue of shares          | -                                   | <b>(3,500)</b>                      | -                                     | -   | -  | <b>(3,500)</b>               | -   | <b>(3,500)</b>           |
| Profit for the period  | -                                   | -                                   | -                                     | -   | 1,357                                    | 1,357                        | 1,462   | 2,819                    |
| Exchange difference arising on translation of foreign operations | -                                   | -                                   | -                                     | (132)   | -  | (132)                        | (21)  | (153)                    |
| Total comprehensive (expenses)/income for the period             | -                                   | -                                   | -                                     | (132)   | 1,357                                    | 1,225                        | 1,441   | 2,666                    |
| At 31 December 2020 (unaudited)                                  | <u><b>854</b></u>                   | <u><b>566,845</b></u>               | <u><b>1,200</b></u>                   | <u><b>(602)</b></u>                                   | <u><b>(632,795)</b></u>                  | <u><b>(64,498)</b></u>       | <u><b>(8,248)</b></u>                               | <u><b>(72,746)</b></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 and methods of computation applied in the preparation of the unaudited consolidated financial statement 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 HKFRS 3                 | Definition of a Business       |
| 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 unaudited consolidated financial statement, 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\$89,226,000 at 31 December 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.

In order to improve the Group's liquidity and cash flows to sustain the Group as a going concern, the Group has implemented or is in the process of implementing the follow measures:

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.

#### 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       |               |
|                           | 2020               | 2019         | 2020              | 2019          |
|                           | HK\$'000           | HK\$'000     | HK\$'000          | HK\$'000      |
| Revenue from provision of |                    |              |                   |               |
| Professional services     | 841                | 201          | 1,220             | 1,388         |
| Money lending             | -                  | -            | -                 | 8             |
| OTT services              | 8,250              | 8,256        | 23,747            | 27,810        |
|                           | <u>9,091</u>       | <u>8,457</u> | <u>24,967</u>     | <u>29,206</u> |

#### 5. OTHER INCOME AND GAIN

|   | Unaudited          |              |                   |               |
|---|--------------------|--------------|-------------------|---------------|
|   | Three months ended |              | Nine months ended |               |
|   | 31 December        |              | 31 December       |               |
|   | 2020               | 2019         | 2020              | 2019          |
|   | HK\$'000           | HK\$'000     | HK\$'000          | HK\$'000      |
| Gain on waive of promissory note                          | -                  | -            | -                 | 14,155        |
| Gain on waive of trade and other payables                 | 6,682              | -            | 6,682             | -             |
| Written back of provision for trade and other receivables | 3,799              | -            | 3,799             | -             |
| Overprovision of accruals in prior years                  | -                  | 2,171        | -                 | 2,171         |
| Gain on disposal of subsidiaries                          | 2,384              | 190          | 2,384             | 190           |
| Others  | 123                | 1            | 368               | 4             |
|   | <u>12,988</u>      | <u>2,362</u> | <u>13,233</u>     | <u>16,520</u> |



## 6. FINANCE COSTS

|                              | Unaudited          |                 |                   |                 |
|------------------------------|--------------------|-----------------|-------------------|-----------------|
|                              | Three months ended |                 | Nine months ended |                 |
|                              | 31 December        |                 | 31 December       |                 |
|                              | 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 | 531                | 1,137           | 3,660             | 3,784           |
| Interest on bonds            | 288                | 204             | 1,023             | 1,090           |
| Others                       | 23                 | 139             | 69                | 139             |
|                              | <u>842</u>         | <u>1,480</u>    | <u>4,752</u>      | <u>5,393</u>    |

## 7. INCOME TAX CREDIT

- (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 2020 and 2019.
- (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%.

## 8. PROFIT/(LOSS) FOR THE PERIOD

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

|  | Unaudited          |                 |                   |                 |
|--|--------------------|-----------------|-------------------|-----------------|
|  | Three months ended |                 | Nine months ended |                 |
|  | 31 December        |                 | 31 December       |                 |
|  | 2020               | 2019            | 2020              | 2019            |
|  | <i>HK\$'000</i>    | <i>HK\$'000</i> | <i>HK\$'000</i>   | <i>HK\$'000</i> |
| Staff costs, including director's remuneration |                    |                 |                   |                 |
| Salaries and other benefits                    | 1,878              | 1,354           | 4,620             | 4,534           |
| Retirement benefits scheme contributions       | 95                 | 99              | 277               | 287             |
|  | <u>1,973</u>       | <u>1,453</u>    | <u>4,897</u>      | <u>4,821</u>    |
| Amortisation of intangible assets              | 1,722              | 1,722           | 5,166             | 5,166           |
| Depreciation                                   | 148                | 138             | 423               | 420             |
| Operating leases                               | 2                  | 89              | 6                 | 163             |

## 9. DIVIDEND

The Board does not recommend the payment of any dividend for the nine months ended 31 December 2020 (2019: Nil).

## 10. EARNINGS/(LOSS) PER SHARE

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

|  | Unaudited          |                 |                   |                 |
|--|--------------------|-----------------|-------------------|-----------------|
|  | Three months ended |                 | Nine months ended |                 |
|  | 31 December        |                 | 31 December       |                 |
|  | 2020               | 2019            | 2020              | 2019            |
|  | <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 | <u>11,827</u>      | <u>(3,741)</u>  | <u>1,357</u>      | <u>473</u>      |

|   | Unaudited          |                   |                   |                   |
|---|--------------------|-------------------|-------------------|-------------------|
|   | Three months ended |                   | Nine months ended |                   |
|   | 31 December        |                   | 31 December       |                   |
|   | 2020               | 2019              | 2020              | 2019              |
| <b>Number of shares</b>   |                    |                   |                   |                   |
| Weighted average number of ordinary shares for the purpose of basic earnings/(loss) per share | <u>38,280,030</u>  | <u>14,225,687</u> | <u>38,280,030</u> | <u>14,225,687</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.

Professional services recorded decrease in revenue to approximately HK\$1.2 million for the nine months ended 31 December 2020 (2019: HK\$1.4 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**

In 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.

## **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\$23.7 million for the nine months ended 31 December 2020 (2019: HK\$27.8 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**

Currently, 4G and 5G networks co exist in Hong Kong. It is expected that 5G network will substitute 4G networks in the coming years, and that people using 4G network shall opt for 5G plan after the end of their 4G plan contract due to the attractive price of 5G plan and much higher speed performance attributed to the customers. We are now under the transition period and we expect to benefit from the increase in the number of users under the bundle of offers of 5G plan.

The Directors are of the view that the broadcasting market in Hong Kong from a traditional free-licensed television broadcasting will be substituted by OTT broadcasting. The Company intends to exploit the OTT broadcasting channel, which customers be offered with a wide variety of films, pop songs and TV series, etc. over the Internet. In view of the rapid global development in media contents and the rising popularity of new media platforms among the mobile and internet users, we hope to continue developing the quality media contents with the advantages of the existing platform resources and to thrive in the cultural and entertainment business.

## **FINANCIAL PERFORMANCE**

During the nine months ended 31 December 2020, the Group recorded a turnover of approximately HK\$25 million (2019: HK\$29.2 million) representing a decrease of approximately 14.4% as compared to that of the corresponding period in 2019. Subcontractors cost decreased to approximately HK\$15.4 million as compared to approximately HK\$24.8 million of corresponding period in 2019 as a result of effective cost control. Selling and administrative expenses slightly increased to approximately HK\$10.9 million as compared to approximately HK\$10.6 million of corresponding period in 2019, representing an increase of approximately 2.8% as compared to that of the corresponding period in 2019. Finance cost decreased to approximately HK\$4.8 million as compared to approximately HK\$5.4 million of corresponding period in 2019. Such decreases were due to the repayment of other borrowings and bonds during the nine months ended 31 December 2020. Profit for the period for the nine months ended 31 December 2020 amounted to approximately HK\$2.8 million (2019: Profit of HK\$1.0 million). Such increase was primarily attributable to a number of factors including, (i) increased number of users (especially from the 5G bundle plan which China Mobile's offers) thus resulted in an increase in net profit of the Company; (ii) increased approximately 50% in OTT view rate and thus user stickiness as compared to the corresponding period in 2019 as a result of COVID-19 that led to more people looking for home entertainment; (iii) decreased in subcontractor costs and selling expenses as a result of effective cost control and (iv) increased in subsidies under the Government's Anti-epidemic Fund. Basic earnings per share for the nine months ended 31 December 2020 was approximately HK3.54 cents (2019: HK3.32 cents).

## **DIVIDEND**

The Board does not recommend the payment of dividend for the nine months ended 31 December 2020 (2019: Nil).

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

During the nine months ended 31 December 2020, the Company raised and completed a right issue on 30 September 2020. The issued shares of the Company are 85,354,122 shares as at 31 December 2020.

The Board continues to look for opportunities to attract more investors, extend the shareholder 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 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 was 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 2020 and 31 December 2019 respectively.

## DIRECTORS' AND CHIEF EXECUTIVE'S INTERESTS IN SECURITIES

As at 31 December 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

As at 31 December 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 the shareholder               | Capacity         | Number of shares held | Approximate percentage of shareholding<br>(note 1) |
|---------------------------------------|------------------|-----------------------|--|
| Kingston Securities Limited (note(2)) | Beneficial Owner | 8,004,000             | 9.38   |
| Lau Wang Chi Barry (note(3))          | Beneficial Owner | 11,112,000            | 13.02  |
| Leung Lisa                            | Beneficial Owner | 8,500,000             | 9.96   |

#### Notes:

- As at 31 December 2020, the issued share capital of the Company was 85,354,122 shares.
- 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.
- Based on the notices of disclosure of interest filed by Lau Wang Chi Barry (“Lau”), Lau has a controlling interest in Surplus Gain Global Limited and is deemed to be interested in these shares held by Surplus Gain Global Limited.

Save as disclosed above, as at 31 December 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 nine months ended 31 December 2020 or at any time during such period.

## **COMPETING INTERESTS**

As at 31 December 2020, none of the Directors nor the controlling shareholders of the Company 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 2020, 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 2020, the audit committee consists of four independent non-executive Directors namely Ms. Yang Eugenia, Mr. Hau Chi Kit, Mr. Ma Stephen Tsz On and Mr. Tang Chun Hei.

The unaudited condensed consolidated financial statements of the Group for the nine months ended 31 December 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, 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 2020.



## **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 2020.

## **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 2019/2020 annual report.

Ms. Yang Eugenia ("**Ms. Yang**") and Mr. Tang Chun Hei ("**Mr. Tang**") were appointed as an independent non-executive Director of the Company with effect from 9 October 2020 and 1 December 2020 respectively.

The biographical information of Ms. Yang and Mr. Tang are set out below:

**Ms. Yang**, aged 44, was appointed as an independent non-executive Director with effect from 9 October 2020. She is currently the chairlady of the audit committee, the nomination committee and the remuneration committee of the Company.

Ms. Yang 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.

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.

**Mr. Tang**, aged 32, is currently the vice president of Titan Financial Services Limited, a corporation licensed to carry out Type 1 (dealing in securities) and Type 6 (advising on corporate finance) regulated activities under the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong) (the "SFO").

Mr. Tang obtained his bachelor's degree of arts in business and management from the University of Northampton in 2015. Mr. Tang has been a certified management accountant of The Institute of Certified Management Accountants since 2015 and an associate of the Institute of Public Accountants since 2019.

Ms. Yang and Mr. Tang 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. Ms. Yang and Mr. Tang employment was determined by the Board with recommendation by the remuneration committee of the Company, with reference to their experience as an independent non-executive Director of the Company, their duties and responsibilities with the Company and the market rate for the position.

Ms. Yang and Mr. Tang do not hold any shares or options of the Company, Ms. Yang and Mr. Tang 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 9 October 2020, Mr. Ho Siu King, Stanley resigned as an independent non-executive Director of the Company.

On 31 December 2020, Mr. Lau Kelly resigned as an executive Director of the Company.

By Order of the Board of  
**hmvod Limited**  
**Ho Chi Na**  
*Executive Director*

Hong Kong, 9 February 2021

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

**Executive Directors:**

Ms. Ho Chi Na

**Independent non-executive Directors:**

Ms. Yang Eugenia

Mr. Hau Chi Kit

Mr. Ma Stephen Tsz On

Mr. Tang Chun Hei

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