



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 2021**

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

GEM has been positioned as a market designed to accommodate small and mid-sized companies to which a higher investment risk may be attached than other companies listed on The Stock Exchange of Hong Kong Limited (the “Stock Exchange”). Prospective investors should be aware of the potential risks of investing in such companies and should make the decision to invest only after due and careful consideration.

Given that the companies listed on GEM are generally small and mid-sized companies, there is a risk that securities traded on GEM may be more susceptible to high market volatility than securities traded on the main board of the Stock Exchange and no assurance is given that there will be a liquid market in the securities traded on GEM.

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This report, for which the directors (the “Director(s)”) of hmvod Limited (the “Company”) collectively and individually accept full responsibility, includes particulars given in compliance with the Rules Governing the Listing of Securities on GEM of the Stock Exchange (the “GEM Listing Rules”) for the purpose of giving information with regard to the Company. The Directors, having made all reasonable 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 2021 amounted to approximately HK\$19.1 million representing an increase of approximately 20.3% over the corresponding period in 2020.
- Loss for the period for the six months ended 30 September 2021 amounted to approximately HK\$5.8 million (2020: Loss of HK\$10.3 million).
- Basic loss per share for the six months ended 30 September 2021 was approximately HK\$6.24 cents (2020: Loss per share of HK\$72 cents).
- The Board does not recommend the payment of an interim dividend for the six months ended 30 September 2021 (2020: 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 2021, together with the unaudited comparative figures for the corresponding periods in 2020, are as follows:

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

	Notes	Unaudited		Unaudited	
		Three months ended		Six months ended	
		30 September		30 September	
		2021	2020	2021	2020
		HK\$'000	HK\$'000	HK\$'000	HK\$'000
Revenue	3	10,166	8,093	19,099	15,876
Other income and gain	5	5	172	211	245
Subcontractors cost		(7,006)	(4,220)	(12,899)	(10,053)
Amortisation of intangible asset		(1,722)	(1,722)	(3,444)	(3,444)
Operating and administrating expenses		(3,608)	(7,317)	(7,121)	(9,544)
Finance costs	6	(1,300)	(1,895)	(2,210)	(3,910)
Loss before taxation		(3,465)	(6,889)	(6,364)	(10,830)
Income tax credit	7	284	283	567	564
Loss for the period	8	(3,181)	(6,606)	(5,797)	(10,266)
Other comprehensive expense					
Item that may be reclassified subsequently to profit or loss:					
Exchange difference arising on translation of foreign operations		(56)	(321)	(19)	(71)
Total comprehensive expense for the period		(3,237)	(6,927)	(5,816)	(10,337)

		Unaudited Three months ended 30 September		Unaudited Six months ended 30 September	
		2021	2020	2021	2020
Notes		HK\$'000	HK\$'000	HK\$'000	HK\$'000
Loss for the period attributable to:					
Owners of the Company		(3,159)	(6,775)	(5,832)	(10,470)
Non-controlling interest		(22)	169	35	204
		<u>(3,181)</u>	<u>(6,606)</u>	<u>(5,797)</u>	<u>(10,266)</u>
Total comprehensive expense for the period attributable to:					
Owners of the Company		(3,215)	(7,057)	(5,851)	(10,541)
Non-controlling interest		(22)	130	35	204
		<u>(3,237)</u>	<u>(6,927)</u>	<u>(5,816)</u>	<u>(10,337)</u>
Loss per share					
– Basic & Diluted (<i>HK cents</i>)	10	<u>(3.38)</u>	<u>(46)</u>	<u>(6.24)</u>	<u>(72)</u>

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

		Unaudited 30 September 2021 <i>HK\$'000</i>	Audited 31 March 2021 <i>HK\$'000</i>
	<i>Notes</i>		
Non-current assets			
Plant and equipment		1,085	1,304
Goodwill		15,749	15,749
Intangible assets		<u>5,166</u>	<u>8,610</u>
		<u>22,000</u>	<u>25,663</u>
Current assets			
Trade and other receivables	<i>11</i>	4,899	6,010
Deposits and prepayments		2,217	1,832
Bank balances and cash		<u>4,806</u>	<u>1,112</u>
		<u>11,922</u>	<u>8,954</u>
Current liabilities			
Trade and other payables	<i>12</i>	21,546	23,721
Bank and other borrowings	<i>13</i>	15,255	12,981
Bonds		10,043	–
Tax payable		<u>377</u>	<u>377</u>
		<u>47,221</u>	<u>37,079</u>
Net current liabilities		<u>(35,299)</u>	<u>(28,125)</u>
Total assets less current liabilities		<u><u>(13,299)</u></u>	<u><u>(2,462)</u></u>

		Unaudited 30 September 2021 HK\$'000	Audited 31 March 2021 HK\$'000
	<i>Notes</i>		
Capital and Reserves			
Share capital	<i>14</i>	1,079	909
Share premium and reserves	<i>15</i>	<u>(33,541)</u>	<u>(59,813)</u>
Deficit attributable to owners of the Company		(32,462)	(58,904)
Non-controlling interest		<u>(8,218)</u>	<u>(8,253)</u>
		<u>(40,680)</u>	<u>(67,157)</u>
Non-current liabilities			
Other payable	<i>12</i>	8,329	36,018
Borrowings	<i>13</i>	18,200	17,686
Bonds		–	9,570
Deferred tax liabilities		852	1,421
		<u>27,381</u>	<u>64,695</u>
		<u>(13,299)</u>	<u>(2,462)</u>

UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

	Attributable to owners of the Company						Non- controlling interest	Total
	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>		
At 1 April 2020 (audited)	142	510,565	1,200	(470)	(634,152)	(122,715)	(9,689)	(132,404)
Profit and total comprehensive income for the period	711	59,748	–	(71)	(10,470)	49,918	193	50,111
At 30 September 2020 (unaudited)	853	570,313	1,200	(541)	(644,622)	(72,797)	(9,496)	(82,293)
At 1 April 2021 (audited)	909	582,364	1,200	(626)	(642,751)	(58,904)	(8,253)	(67,157)
Profit and total comprehensive expense for the period	–	–	–	(19)	(5,832)	(5,851)	35	(5,816)
Issue of shares upon placing	170	33,826	–	–	–	33,996	–	33,996
Transaction cost attributable to issue of shares	–	(1,703)	–	–	–	(1,703)	–	(1,703)
At 30 September 2021 (unaudited)	1,079	614,487	1,200	(645)	(648,583)	(32,462)	(8,218)	(40,680)

UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

	Unaudited Six months ended 30 September	
	2021 <i>HK\$'000</i>	2020 <i>HK\$'000</i>
Net cash inflow from operating activities	7,294	8,768
Net cash outflow from financing activities	<u>(3,600)</u>	<u>(3,910)</u>
Net increase in cash and cash equivalents	3,694	4,858
Cash and cash equivalents at 1 April	<u>1,112</u>	<u>1,525</u>
Cash and cash equivalents at 30 September	<u>4,806</u>	<u>6,383</u>
Analysis of the balances of cash and cash equivalents		
Cash and bank balances	<u>4,806</u>	<u>6,383</u>
	<u>4,806</u>	<u>6,383</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 1102, 11/F, Eastmark, 21 Sheung Yuet Road, Kowloon Bay, Kowloon, Hong Kong. The Company's shares are listed on the GEM.

2. BASIS OF PREPARATION

The unaudited condensed consolidated results of the Group for the six months ended 30 September 2021 have been prepared in accordance with the applicable Hong Kong Financial Reporting Standards ("HKFRS") and with the applicable disclosure requirements of Chapter 18 of the Rules Governing the Listing of Securities on GEM of the Stock Exchange. The unaudited condensed consolidated financial statements have been prepared under the historical cost convention.

The accounting policies and method of computation adopted in preparing the unaudited condensed consolidated results for the six months ended 30 September 2021 and the accounting policies adopted in this report are consistent with those adopted in the audited financial statements for the year ended 31 March 2021, except for a number of new standards and amendments to HKFRSs issued by the Hong Kong Institute of Certified Public Accountants that are effective for the current accounting period of the Group. None of these amendments have had a material effect on how the Group's results and financial position for the current or prior periods have been prepared or presented.

The Group has not early adopted any new and amended HKFRSs that have been issued but are not yet effective.

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\$35,299,000 at 30 September 2021. 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 following measures:

1. Boost revenue under rolling business plans;
2. Diversify the types of movies, drama and animated comedy series in online platform;
3. Actively negotiating with finance providers for the waiver of the repayable of certain other borrowings and/or extend maturity date of loan and other payables;
4. Actively negotiating with banks or other financial institutions to obtain additional new financing and other source of funding as and when required;
5. Negotiate with bondholders to settle the overdue bond by cash and shares;
6. Fund raising by different ways; and
7. Implementing comprehensive policies to monitor cash flows through cutting costs and capital expenditure.

3. REVENUE

Revenue represents income from professional services rendered 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	
	2021	2020	2021	2020
	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>
Revenue from provision of				
– Professional services fees	–	121	107	186
– OTT services	<u>10,166</u>	<u>7,972</u>	<u>18,992</u>	<u>15,690</u>
	<u>10,166</u>	<u>8,093</u>	<u>19,099</u>	<u>15,876</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 2021 and 2020 by operating segment is as follows:

	Professional services		OTT services		Consolidated	
	2021	2020	2021	2020	2021	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>
REVENUE						
Revenue from external customers	<u>107</u>	<u>186</u>	<u>18,992</u>	<u>15,690</u>	<u>19,099</u>	<u>15,876</u>
RESULT						
Segment results	<u>(40)</u>	<u>(14)</u>	<u>493</u>	<u>1,454</u>	<u>453</u>	<u>1,440</u>
Unallocated income and gains					211	245
Unallocated expenses and losses					<u>(4,818)</u>	<u>(8,605)</u>
Finance costs					<u>(2,210)</u>	<u>(3,910)</u>
Loss before taxation					<u>(6,364)</u>	<u>(10,830)</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
	2021	2021	2021	2021	2021	2021
	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>
ASSETS						
Segment assets	<u>-</u>	<u>-</u>	<u>23,132</u>	<u>30,312</u>	<u>23,132</u>	<u>30,312</u>
Unallocated assets						
– Plant and equipment					1,085	1,304
– Other receivables, deposits and prepayments					4,899	1,889
– Bank balances and cash					<u>4,806</u>	<u>1,112</u>
Total assets					<u>33,922</u>	<u>34,617</u>
LIABILITIES						
Segment liabilities	<u>931</u>	<u>931</u>	<u>35,202</u>	<u>28,248</u>	<u>36,133</u>	<u>29,179</u>
Unallocated liabilities						
– Other payables					17,335	50,275
– Bank and other borrowings					9,862	10,952
– Bonds					10,043	9,570
– Deferred tax liabilities					852	1,421
– Tax payable					<u>377</u>	<u>377</u>
Total liabilities					<u>74,602</u>	<u>101,774</u>

5. OTHER INCOME AND GAIN

	Unaudited			
	Three months ended		Six months ended	
	30 September		30 September	
	2021	2020	2021	2020
	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>
Others	<u>5</u>	<u>172</u>	<u>211</u>	<u>245</u>
	<u>5</u>	<u>172</u>	<u>211</u>	<u>245</u>

6. FINANCE COSTS

	Unaudited			
	Three months ended		Six months ended	
	30 September		30 September	
	2021	2020	2021	2020
	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>
Interest on short term loans	1,009	1,493	1,694	3,128
Interest on bonds	248	379	473	736
Others	<u>43</u>	<u>23</u>	<u>43</u>	<u>46</u>
	<u>1,300</u>	<u>1,895</u>	<u>2,210</u>	<u>3,910</u>

7. INCOME TAX CREDIT

- (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 2021 and 2020.
- (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. LOSS FOR THE PERIOD

Loss for the period has been arrived at after charging:

	Unaudited			
	Three months ended 30 September		Six months ended 30 September	
	2021 <i>HK\$'000</i>	2020 <i>HK\$'000</i>	2021 <i>HK\$'000</i>	2020 <i>HK\$'000</i>
Staff costs				
Salaries and other benefits	1,741	1,665	4,009	2,742
Retirement benefits scheme contributions	53	109	107	182
	<u>1,794</u>	<u>1,774</u>	<u>4,116</u>	<u>2,924</u>
Amortisation of intangible assets	1,722	1,722	3,444	3,444
Depreciation	142	138	284	275
Operating leases	-	4	2	-
	<u><u>-</u></u>	<u><u>4</u></u>	<u><u>2</u></u>	<u><u>-</u></u>

9. DIVIDEND

The Board does not recommend the payment of any dividend for the six months ended 30 September 2021 (2020: Nil).

10. LOSS PER SHARE

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

Loss per share

	Unaudited			
	Three months ended		Six months ended	
	30 September		30 September	
	2021	2020	2021	2020
	HK\$'000	HK\$'000	HK\$'000	HK\$'000
Loss for the period attributable to owners of the Company	<u>(3,159)</u>	<u>(6,775)</u>	<u>(5,832)</u>	<u>(10,470)</u>

	Unaudited			
	Three months ended		Six months ended	
	30 September		30 September	
	2021	2020	2021	2020
Weighted average number of ordinary shares for the purpose of basic loss per share	<u>93,476,035</u>	<u>14,614,367</u>	<u>93,476,035</u>	<u>14,614,367</u>

Number of shares

11. TRADE AND OTHER RECEIVABLES

	Unaudited		Audited
	At		At
	30 September		31 March
	2021		2021
	HK\$'000	HK\$'000	HK\$'000
Trade and bills receivables	4,841		6,088
Less: Impairment loss recognised	—		(135)
	<u>4,841</u>		<u>5,953</u>
Other receivables	58		57
	<u>4,899</u>		<u>6,010</u>

- (a) Trade and bills receivables are due for settlement in accordance with the terms of the underlying agreements with the customers. Trade receivables with balances that are more than 9 months overdue are requested to settle all outstanding balances before any further credit is granted.

- (b) Impairment loss is recognised against trade and bills receivables based on estimated irrecoverable amount determined by reference to past default experience of customers.
- (c) An aging analysis of trade and bills receivables based on the date of invoice, net of impairment loss recognised is as follows:

	Unaudited At 30 September 2021 <i>HK\$'000</i>	Audited At 31 March 2021 <i>HK\$'000</i>
0–30 days	3,144	4,638
31–90 days	1,646	1,259
Over 90 days	51	56
	<u>4,841</u>	<u>5,953</u>

12. TRADE AND OTHER PAYABLES

	Unaudited At 30 September 2021 <i>HK\$'000</i>	Audited At 31 March 2021 <i>HK\$'000</i>
Trade payables	5,745	6,342
Accrued expenses and other payables	24,130	53,397
	<u>29,875</u>	<u>59,739</u>

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

	Unaudited At 30 September 2021 <i>HK\$'000</i>	Audited At 31 March 2021 <i>HK\$'000</i>
0–30 days	878	333
31–90 days	1,236	1,818
Over 90 days	3,631	4,191
	<u>5,745</u>	<u>6,342</u>

13. BANK AND OTHER BORROWINGS

	Unaudited	Audited
	At	At
	30 September	31 March
	2021	2021
	HK\$'000	HK\$'000
Other borrowings	<u>33,455</u>	<u>30,667</u>

14. SHARE CAPITAL

	Number of	Nominal
	shares	amount
		HK\$'000
Authorised:		
Ordinary shares of HK\$0.01 each at 31 March 2021 and 30 September 2021	<u>20,000,000,000</u>	<u>200,000</u>
Issued and fully paid:		
Ordinary shares of HK\$0.01 each at 31 March 2021 and at 1 April 2021	90,875,248	909
Issue of shares upon placing	<u>16,998,000</u>	<u>170</u>
Ordinary shares of HK\$0.01 each at 30 September 2021	<u>107,873,248</u>	<u>1,079</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\$0.1 million for the six months ended 30 September 2021 (2020: HK\$0.2 million). Such decrease is due to epidemic of "COVID-19", some of our clients had suspended or postponed their projects during this period.

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\$19.0 million for the six months ended 30 September 2021 (2020: HK\$15.7 million), compared with the corresponding period in 2020. Such increase is due to (i) increased in number of users (especially from the 5G bundle plan which China Mobile's offers); and (ii) increased approximately 50% in OTT view rate and thus user stickiness as a result of COVID-19 that lead to more people looking for home entertainment.

Our OTT customers can, from early October this year onwards, start using bitcoin to pay their monthly membership fees. The membership will allow customers to watch local and global blockbusters and TV hits on our online platform.

FUTURE PROSPECTS

The Group will continue to look for opportunities to create shareholders' value through making investments into and/or acquiring interests in companies or projects that have promising outlooks and prospects. 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.

With effect from October 2021, those films under Paramount Pictures Corporation ("Paramount") were introduced in our OTT platform. Customers can now watch the latest release and all-time-hits movies, with more than hundreds of programme hours, under Paramount.

Subsequent to the introduction of Paramount's movies on its OTT platform, the Company had grouped latest and all-time-hits titles of all six major Hollywood studios which are Warner Bros. Entertainment, Inc., Universal Studios, Sony Pictures, Walt Disney Pictures, 20th Century Studios and Paramount that brings a more comprehensive movie list to the subscribers.

The Company will continue to introduce more movies selection to customers from worldwide studios and the management thinks that it will provide a big differentiation from competitors.

FINANCIAL PERFORMANCE

During the six months ended 30 September 2021, the Group recorded a revenue of approximately HK\$19.1 million (six months ended 30 September 2020: approximately HK\$15.9 million) representing an increase of approximately 20.5% as compared to that of the corresponding period in 2020. The increase in revenue was due to increase of the number of subscribers. Other income and gain slightly decreased to approximately HK\$0.2 million as compared to approximately HK\$0.3 million of corresponding period in 2020. Subcontractors cost increased to approximately HK\$12.9 million as compared to approximately HK\$10.1 million of corresponding period in 2020. The increase in subcontractors cost was due to increase in revenue. Operating and administrating expenses decreased to approximately HK\$7.1 million as compared to approximately HK\$9.5 million of corresponding period in 2020. Such decrease was due to effective cost control. Finance cost decreased to approximately HK\$2.2 million as compared to approximately HK\$3.9 million of the corresponding period in 2020, representing a decrease of approximately 43.5% as compared to that of the corresponding period in 2020. The decrease in finance cost was due to settlement of loan by Right issue on September 2020. Loss attributable to the owners of the Company was approximately HK\$5.8 million for the six months ended 30 September 2021 (six months ended 30 September 2020: loss of approximately HK\$10.5 million).

LIQUIDITY, FINANCIAL RESOURCES AND CAPITAL STRUCTURE

During the six months ended 30 September 2021, the capital structure of the Company was changed as follows:

Placing of new shares under general mandate

On 3 September 2021, the Company completed the placing under general mandate (“Placing”) of 16,998,000 placing shares (“Placing Shares”) at the placing price of HK\$2.00 per placing share to not less than six independent professional institutional or other investors. After the completion of Placing, the number of shares in issue was increased from 90,875,248 shares to 107,873,248 shares.

As disclosed in the annual report of the Group for the year ended 31 March 2021, the Group recorded net current liabilities and net liabilities of approximately HK\$28.1 million and approximately HK\$67.2 million as at 31 March 2021 respectively while the bank balances and cash of the Group amounted to approximately HK\$1.1 million as at 31 March 2021. The auditors of the Group issued a disclaimer of opinion on the consolidated financial statements of the Group for the year ended 31 March 2021 because of multiple fundamental uncertainties relating to going concern.

In view of the abovementioned situations and given that the general mandate has been granted to the Directors to allot, issue and otherwise deal with up to 20% of the then issued Shares as at the annual general meeting of the Company held on 30 September 2020, which would provide the Company with the flexibility and ability to capture appropriate capital raising or business opportunities in a timely manner, the Company intends to utilise the General Mandate and to conduct a fund raising exercise by way of Placing. The Directors consider that the Placing offers a good and flexible opportunity to raise further capital in a relatively cost-effective and time efficient manner as well as to improve the financial position of the Group.

The closing price per share as quoted on the Stock Exchange on 13 August 2021 was HK\$2.33. The aggregate nominal value of the Placing Shares were HK\$169,980. The gross proceeds of the Placing was approximately HK\$33,996,000 and the net proceeds (after deduction of placing commission and other fees, costs, charges and expenses of the Placing) was approximately HK\$32,260,000. The Company applied all the net proceeds from the Placing for approximately of HK\$1,260,000 to the Group's business operations and general working capital and approximately of HK\$31,000,000 for repayment of loan.

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 2021, 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 significant investments, material acquisition and disposal was completed during the six month ended 30 September 2021.

EMPLOYEES AND REMUNERATION POLICIES

As at 30 September 2021, the Group hired 26 employees including the executive Directors (2020: 26). Total staff costs including Directors' remuneration for the six months period under review amounting to approximately HK\$4.1 million (2020: HK\$2.9 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 2021.

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 2021 and there were no outstanding share options as at 30 September 2021 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 2021, 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 2021, 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)
Prosper Rich Investments Limited (Note 2)	Beneficiary Owner	25,546,000	23.68%
Shiu Stephen Junior (Note 3)	Interest of controlled corporation and interest of spouse	12,546,000	11.63%
Kingston Securities Limited (Note 4)	Beneficiary Owner	8,004,050	7.41%
ACCP Global Limited (Note 5)	Beneficiary Owner	6,348,000	5.88%

Notes:

1. As at 30 September 2021, the issued share capital of the Company was 107,873,248 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 Shiu Stephen Junior (“Mr. Shiu”), Popland Investments Limited owns 8,520,000 shares, Ms. Chen Min, spouse of Mr. Shiu owns 4,026,000 shares. Mr. Shiu has a controlling interest in Popland Investments Limited. Therefore, Mr. Shiu is deemed to be interested in these shares held by Popland Investments Limited and his spouse.
4. 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.
5. Based on the notices of disclosure of interest filed by Lau Wang Chi Barry (“Mr. Lau”), Mr. Lau has a controlling interest in ACCP Global Limited and is deemed to be interested in these shares held by ACCP Global Limited.

Save as disclosed above, as at 30 September 2021, 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' AND CONTROLLING SHAREHOLDERS' 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 2021 or at any time during such period.

DIRECTORS' COMPETING INTERESTS

As at 30 September 2021, 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 2021 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 2021.

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

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

CHANGE OF DIRECTORS' INFORMATION

Mr. Ma Stephen Tsz On was resigned as an independent non-executive Director of the Company with effect from 23 July 2021.

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

Hong Kong, 10 November 2021

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

Executive Director:

Ms. Ho Chi Na

Non-executive Director:

Mr. Lau Chung Yin

Independent non-executive Directors:

Mr. Hau Chi Kit

Mr. Tang Chun Hei

Mr. Ho Chun Hang

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.