



hmvod Limited

hmvod 視 頻 有 限 公 司

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 8103)

**INTERIM RESULTS ANNOUNCEMENT
FOR THE SIX MONTHS ENDED 30 SEPTEMBER 2018**

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

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HIGHLIGHTS

- Turnover for the six months ended 30 September 2018 amounted to approximately HK\$182,961 million representing an increase of approximately 46.7% over the corresponding period in 2017.
- Loss for the period from continuing operations for the six months ended 30 September 2018 amounted to approximately HK\$2.6 million (2017: HK\$38.3 million).
- Basic loss per share from continuing operations for the six months ended 30 September 2018 was approximately 2.45 HK cents (2017: 27.98 HK cents).
- The Board does not recommend the payment of an interim dividend for the six months ended 30 September 2018 (2017: 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 2018, together with the unaudited comparative figures for the corresponding periods in 2017, 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	
		2018 <i>HK\$'000</i>	2017 <i>HK\$'000</i>	2018 <i>HK\$'000</i>	2017 <i>HK\$'000</i>
Turnover		13,428	36,132	182,961	124,707
Continuing operations					
Revenue	4	13,070	8,522	28,858	11,191
Other income and gain	6	32,904	29	32,905	29
Subcontractors cost		(12,517)	(3,270)	(23,920)	(4,212)
Net (loss)/gain on change in fair value of financial assets at fair value through profit or loss		—	(31,719)	—	(12,635)
Gain/(loss) on disposal financial assets at fair value through profit or loss		—	665	(7,073)	(5,829)
Depreciation of plant and equipment		(152)	(24)	(304)	(37)
Amortisation of intangible asset		(1,723)	(1,080)	(3,444)	(1,302)
Other expenses		(4,265)	(6,295)	(10,447)	(9,448)
Staff cost, including Directors' emoluments		(2,631)	(2,556)	(5,439)	(4,289)
Finance costs	7	(5,463)	(5,646)	(14,197)	(11,880)
Share of loss of an associate		(89)	(64)	(99)	(93)
Profit/(loss) before taxation		19,134	(41,438)	(3,160)	(38,505)
Income tax expenses	8	284	179	568	215
Profit/(loss) for the period from continuing operations	9a	19,418	(41,259)	(2,592)	(38,290)
Discontinued operations					
Profit/(loss) for the period from discontinued operations	9b	159	485	(2,184)	199
Profit/(loss) for the period attributable to owners of the Company		19,577	(40,774)	(4,776)	(38,091)
Other comprehensive income					
Item that may be reclassified subsequently to profit or loss:					
Exchange difference arising on translation of foreign operations		4,486	(678)	6,179	(1,449)
Total comprehensive income/(expense) for the period attributable to owners of the Company		24,063	(41,452)	1,403	(39,540)

	<i>Notes</i>	Unaudited Three months ended 30 September 2018 <i>HK\$'000</i>		Unaudited Six months ended 30 September 2018 <i>HK\$'000</i>	
		2017 <i>HK\$'000</i>		2017 <i>HK\$'000</i>	
Profit/(loss) for the period attributable to:					
Owners of the Company		20,135	(39,971)	(3,479)	(36,702)
Non-controlling interest		(558)	(803)	(1,297)	(1,389)
		19,577	(40,774)	(4,776)	(38,091)
Total comprehensive income/(expense) for the period attributable to:					
Owners of the Company		24,621	(40,649)	2,700	(38,151)
Non-controlling interest		(558)	(803)	(1,297)	(1,389)
		24,063	(41,452)	1,403	(39,540)
Earning/(loss) per share					
From continuing and discontinued operations					
— Basic (HK cents)	<i>11</i>	17.31	(28.10)	(2.45)	(27.98)
— Diluted (HK cents)	<i>11</i>	17.31	(28.10)	(2.45)	(27.98)
From continuing operations					
— Basic (HK cents)	<i>11</i>	14.04	(28.44)	(0.91)	(28.13)
— Diluted (HK cents)	<i>11</i>	14.04	(28.44)	(0.91)	(28.13)

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

		Unaudited 30 September 2018 <i>HK\$'000</i>	Audited 31 March 2018 <i>HK\$'000</i>
	<i>Notes</i>		
Non-current assets			
Plant and equipment		2,380	3,493
Investment property		—	136,000
Goodwill		58,745	58,745
Investment in an associate		—	77,413
Intangible assets		25,828	29,271
Available-for-sale investments		6,600	6,600
Deferred tax assets		8,234	8,234
		<u>179,101</u>	<u>319,756</u>
Current assets			
Trade and other receivables	12	22,052	39,198
Loan receivables		500	500
Deposits and prepayments		23,487	8,462
Amounts due from customers for contract work		—	715
Financial assets at fair value through profit or loss		—	62,841
Tax recoverable		—	89
Pledged bank deposits		—	1,001
Bank balances and cash		1,543	5,666
		<u>47,582</u>	<u>118,472</u>
Assets classified as held for sale	17	77,314	—
		<u>124,896</u>	<u>118,472</u>
Current liabilities			
Amounts due to customers for contract work		—	1,276
Trade and other payables	13	92,603	136,870
Margin payables		—	23,256
Receipts in advance		2,535	4,757
Bank overdraft		50	624
Bank and other borrowings	14	64,352	207,202
Tax payable		261	4,955
		<u>159,801</u>	<u>378,940</u>
Net current liabilities		<u>(112,219)</u>	<u>(260,468)</u>
Total assets less current liabilities		<u>66,882</u>	<u>59,288</u>

		Unaudited	Audited
		30 September	31 March
		2018	2018
	<i>Notes</i>	<i>HK\$'000</i>	<i>HK\$'000</i>
Capital and Reserves			
Share capital	15	142	142
Share premium and reserves	16	<u>(52,682)</u>	<u>(54,819)</u>
Deficit attributable to owners of the Company		(52,540)	(54,677)
Non-controlling interest		<u>(6,620)</u>	<u>(5,324)</u>
		(59,160)	(60,001)
Non-current liabilities			
Bonds		16,109	15,274
Promissory note		105,673	99,185
Deferred tax liabilities		<u>4,260</u>	<u>4,830</u>
		126,042	119,289
		66,882	59,288

UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

	Share Capital <i>HK\$'000</i>	Share premium <i>HK\$'000</i>	General reserve <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 2017 (audited)	119	463,135	3,056	1,200	9,519	(489,853)	(12,824)	2,197	(10,627)
Loss for the period	—	—	—	—	—	(36,702)	(36,702)	(1,389)	(38,091)
Exchange difference arising on translation of foreign operations	—	—	—	—	(1,449)	—	(1,449)	—	(1,449)
Total comprehensive expense for the period	—	—	—	—	(1,449)	(36,702)	(38,151)	(1,389)	(39,540)
Acquisition of subsidiaries	—	—	—	—	—	—	—	(1,366)	(1,366)
Issue of consideration shares	23	46,047	—	—	—	—	46,070	—	46,070
At 30 September 2017 (unaudited)	<u>142</u>	<u>509,182</u>	<u>3,056</u>	<u>1,200</u>	<u>8,070</u>	<u>(526,555)</u>	<u>(4,905)</u>	<u>(558)</u>	<u>(5,463)</u>
At 1 April 2018 (audited)	142	510,565	3,056	1,200	6,348	(575,988)	(54,677)	(5,324)	(60,001)
Loss for the period	—	—	—	—	—	(3,479)	(3,479)	(1,297)	(4,776)
Exchange difference arising on translation of foreign operations	—	—	—	—	6,179	—	6,179	—	6,179
Total comprehensive expense for the period	—	—	—	—	6,179	(3,479)	2,700	(1,297)	1,403
Disposal of subsidiaries	—	—	(3,056)	—	(10,854)	13,345	(565)	—	(565)
At 30 September 2018 (unaudited)	<u>142</u>	<u>510,565</u>	<u>—</u>	<u>1,200</u>	<u>1,673</u>	<u>(566,122)</u>	<u>(52,542)</u>	<u>(6,621)</u>	<u>(59,163)</u>

UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

	Unaudited Six months ended 30 September	
	2018	2017
	HK\$'000	HK\$'000
Net cash outflow from operating activities	29,732	(28)
INVESTING ACTIVITIES	(2,261)	(138)
Purchase of plant and equipment	—	1,562
Acquisition of a subsidiary	—	—
Proceeds from disposal of subsidiaries	138,393	—
Other investing cash flows	2	6
Net cash inflow from investing activities	165,866	1,402
FINANCING ACTIVITIES		
Proceeds from bank borrowings	65,051	83,261
Repayment of bank borrowings	(231,158)	(76,212)
Repayment of promissory notes	—	(600)
Other financing cashflows	(9,339)	—
Net cash inflow from financing activities	(175,446)	6,449
Net increase/(decrease) in cash and cash equivalents	(9,580)	7,851
Effects of foreign exchange rate	5,030	(3,288)
Cash and cash equivalents at 1 April	6,043	11,604
Cash and cash equivalents at 30 September	1,493	16,167
Analysis of the balances of cash and cash equivalents		
Cash and bank balances	1,543	16,167
Bank overdraft	(50)	—
	1,493	16,167

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 B, 29/F, CKK Commercial Centre, 289–295 Hennessy Road, Wanchai, Hong Kong. The Company's shares are listed on GEM.

2. BASIS OF PREPARATION

The unaudited condensed consolidated financial statements of the Group have been prepared in accordance with Hong Kong Accounting Standard 34 Interim Financial Reporting issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA") and the applicable disclosure requirements of Chapter 18 the GEM Listing Rules. The principal accounting policies applied in preparing the unaudited condensed consolidated financial statements for the six months ended 30 September 2018 are set out in note 3.

3. PRINCIPAL ACCOUNTING POLICIES

The accounting policies used in the unaudited condensed consolidated financial statements for the six months ended 30 September 2018 are consistent with those followed in the preparation of the Group's annual consolidated financial statements for the year ended 31 March 2018.

The unaudited condensed consolidated financial statements for the six months ended 30 September 2018 has been prepared under the historical cost basis, except for certain financial instruments, which are measured at fair values, as appropriate. The Directors consider that the carrying amounts of financial assets and financial liabilities measured at cost or amortised cost in these unaudited condensed consolidated financial statements approximate their fair values.

4. REVENUE

Revenue represents income from professional services rendered, proprietary trading, money lending business and over the top (“OTT”) services, net of sales related taxes if any.

An analysis of the revenue by principal activities of the operations of the Group during the reporting periods is as follows:

	Unaudited			
	Three months ended		Six months ended	
	30 September		30 September	
	2018	2017	2018	2017
	HK\$'000	HK\$'000	HK\$'000	HK\$'000
Continuing operations				
Revenue from provision of				
— Professional services fees	379	2,162	1,389	4,041
Proprietary trading	—	1,565	—	2,106
Money lending	15	24	30	273
OTT services	12,676	4,771	27,439	4,771
	<u>13,070</u>	<u>8,522</u>	<u>28,858</u>	<u>11,191</u>
Discontinued operations				
Revenue from provision of				
— Systems development	358	4,714	1,559	5,914
Rent income arising from property investment	—	600	600	1,200
	<u>358</u>	<u>5,314</u>	<u>2,159</u>	<u>7,114</u>
Proceeds from sales of financial assets at fair value through profit or loss	—	22,296	151,944	106,402
Turnover	<u>13,428</u>	<u>36,132</u>	<u>182,961</u>	<u>124,707</u>

5. 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 2018 and 2017 by operating segment is as follows:

	Continuing operations								Discontinued operations				Consolidated	
	Professional services		Proprietary trading		Money lending		OTT services		Systems development		Property investment			
	2018	2017	2018	2017	2018	2017	2018	2017	2018	2017	2018	2017	2018	2017
	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>	<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>1,389</u>	<u>4,041</u>	<u>—</u>	<u>2,106</u>	<u>30</u>	<u>273</u>	<u>27,439</u>	<u>4,771</u>	<u>1,559</u>	<u>5,914</u>	<u>600</u>	<u>1,200</u>	<u>31,017</u>	<u>18,305</u>
RESULT														
Segment results	<u>(2,597)</u>	<u>(2,707)</u>	<u>(6,123)</u>	<u>(6,104)</u>	<u>30</u>	<u>273</u>	<u>(3,505)</u>	<u>(641)</u>	<u>(232)</u>	<u>899</u>	<u>(894)</u>	<u>(9,955)</u>	<u>(13,321)</u>	<u>(18,235)</u>
Interest income													3	34
Unallocated income and gains													32,953	59
Unallocated expenses and losses													(8,219)	(8,191)
Finance costs													(16,661)	(11,880)
Share of loss of an associate													(99)	(93)
Loss before taxation													<u>(5,344)</u>	<u>(38,306)</u>

(b) Segment assets and liabilities

The following is an analysis of the Group's assets and liabilities by its operating and reportable segments.

	Continuing operations								Discontinued operations				Consolidated	
	Professional services		Proprietary trading		Money lending		OTT services		Systems development		Property investment			
	30	31	30	31	30	31	30	31	30	31	30	31	30	31
	September 2018	March 2018	September 2018	March 2018	September 2018	March 2018	September 2018	March 2018	September 2018	March 2018	September 2018	March 2018	September 2018	March 2018
	<i>HKS'000</i>	<i>HKS'000</i>	<i>HKS'000</i>	<i>HKS'000</i>	<i>HKS'000</i>	<i>HKS'000</i>	<i>HKS'000</i>	<i>HKS'000</i>	<i>HKS'000</i>	<i>HKS'000</i>	<i>HKS'000</i>	<i>HKS'000</i>	<i>HKS'000</i>	<i>HKS'000</i>
ASSETS														
Segment assets	<u>422</u>	<u>1,646</u>	<u>—</u>	<u>62,841</u>	<u>540</u>	<u>510</u>	<u>55,594</u>	<u>51,346</u>	<u>—</u>	<u>12,774</u>	<u>—</u>	<u>136,000</u>	<u>56,556</u>	<u>265,117</u>
Unallocated assets														
— Plant and equipment													2,380	422
— Goodwill													58,745	58,745
— Available-for-sale investments													6,600	6,600
— Investment in an associate													77,314	77,413
— Other receivables, deposits and prepayments													23,545	23,264
— Pledged bank deposits													—	1,001
— Bank balances and cash													<u>1,543</u>	<u>5,666</u>
Total assets													<u>226,683</u>	<u>438,228</u>
LIABILITIES														
Segment liabilities	<u>1,217</u>	<u>1,570</u>	<u>—</u>	<u>23,256</u>	<u>—</u>	<u>—</u>	<u>34,289</u>	<u>10,172</u>	<u>—</u>	<u>42,082</u>	<u>—</u>	<u>1,175</u>	<u>35,506</u>	<u>78,255</u>
Unallocated liabilities														
— Other payables													59,632	87,904
— Bank and other borrowings													64,352	207,202
— Bank overdraft													50	624
— Bonds													16,109	15,274
— Promissory notes													105,673	99,185
— Deferred tax liabilities													4,260	4,830
— Tax payable													<u>261</u>	<u>4,955</u>
Total liabilities													<u>285,843</u>	<u>498,229</u>

6. OTHER INCOME AND GAIN

	Unaudited			
	Three months ended 30 September		Six months ended 30 September	
	2018	2017	2018	2017
	HK\$'000	HK\$'000	HK\$'000	HK\$'000
Continuing operations				
Interest income	—	—	—	—
Gain on disposal of subsidiaries	32,904	—	32,904	—
Others	—	29	1	29
	<u>32,904</u>	<u>29</u>	<u>32,905</u>	<u>29</u>
Discontinued operations				
Interest income	—	3	2	6
Others	—	—	1	—
Reversal of impairment losses in respect of				
— trade receivables	17	1,846	17	1,891
— other receivables	—	—	52	59
	<u>17</u>	<u>1,849</u>	<u>72</u>	<u>1,956</u>
	<u>32,921</u>	<u>1,878</u>	<u>32,977</u>	<u>1,985</u>

7. FINANCE COSTS

	Unaudited			
	Three months ended 30 September		Six months ended 30 September	
	2018	2017	2018	2017
	HK\$'000	HK\$'000	HK\$'000	HK\$'000
Continuing operations				
Interest on bank borrowing repayable within one year	—	393	—	819
Interest on promissory notes	3,305	1,200	6,488	2,196
Interest on short term loans	1,731	3,661	6,741	8,102
Interest on bonds	427	383	836	749
Others	—	9	132	14
	<u>5,463</u>	<u>5,646</u>	<u>14,197</u>	<u>11,880</u>
Discontinued operations				
Others	—	—	2,464	—
	<u>5,463</u>	<u>5,646</u>	<u>16,661</u>	<u>11,880</u>

8. 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 2018 and 2017.
- (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%.

9a. 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 30 September		Six months ended 30 September	
	2018	2017	2018	2017
	HK\$'000	HK\$'000	HK\$'000	HK\$'000
Staff costs				
Salaries and other benefits	2,526	2,434	5,207	4,104
Retirement benefits scheme contributions	105	122	232	185
	<u>2,631</u>	<u>2,556</u>	<u>5,439</u>	<u>4,289</u>
Amortisation of intangible assets	1,723	1,080	3,444	1,302
Auditors' remuneration	195	175	370	350
Depreciation	152	24	304	37
Operating leases	<u>1,289</u>	<u>1,328</u>	<u>2,620</u>	<u>2,547</u>

9b. PROFIT/(LOSS) FOR THE PERIOD FROM DISCONTINUED OPERATIONS

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

	Unaudited			
	Three months ended 30 September		Six months ended 30 September	
	2018	2017	2018	2017
	HK\$'000	HK\$'000	HK\$'000	HK\$'000
Depreciation	<u>42</u>	<u>158</u>	<u>207</u>	<u>312</u>

10. DIVIDEND

The Board does not recommend the payment of any dividend for the six months ended 30 September 2018 (2017: Nil).

11. 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)

	Unaudited			
	Three months ended		Six months ended	
	30 September		30 September	
	2018	2017	2018	2017
	HK\$'000	HK\$'000	HK\$'000	HK\$'000
Profit/(loss) for the purpose of basic earnings/(loss) per share profit/(loss) for the period attributable to owners of the Company	<u>20,135</u>	<u>(39,971)</u>	<u>(3,479)</u>	<u>(36,702)</u>

	Unaudited			
	Three months ended		Six months ended	
	30 September		30 September	
	2018	2017	2018	2017

Number of shares

Weighted average number of ordinary shares for the purpose of basic earnings/(loss) per share	<u>142,256,878</u>	<u>142,256,878</u>	<u>142,256,878</u>	<u>131,179,938</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)

	Unaudited			
	Three months ended		Six months ended	
	30 September		30 September	
	2018	2017	2018	2017
	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 continuing operations attributable to owners of the Company	<u>19,976</u>	<u>(40,456)</u>	<u>(1,295)</u>	<u>(36,901)</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)

	Unaudited			
	Three months ended		Six months ended	
	30 September		30 September	
	2018	2017	2018	2017
	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>159</u>	<u>485</u>	<u>(2,184)</u>	<u>199</u>
Earning/(loss) per share from discontinued operations — Basic and diluted (HK cents)	<u>0.11</u>	<u>0.34</u>	<u>(1.54)</u>	<u>0.15</u>

12. TRADE AND OTHER RECEIVABLES

	Unaudited At 30 September 2018 HK\$'000	Audited At 31 March 2018 HK\$'000
Trade and bills receivables	22,683	56,620
Less: Impairment loss recognised	<u>(729)</u>	<u>(36,851)</u>
	<u>21,954</u>	<u>19,769</u>
Retention receivables	—	3,368
Less: Impairment loss recognised	<u>—</u>	<u>(939)</u>
	<u>—</u>	<u>2,429</u>
Other receivables	98	57,539
Less: Impairment loss recognised	<u>—</u>	<u>(40,539)</u>
	<u>98</u>	<u>17,000</u>
	<u>22,052</u>	<u>39,198</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 2018 HK\$'000	Audited At 31 March 2018 HK\$'000
0–30 days	4,676	4,479
31–90 days	2,469	7,228
Over 90 days	<u>14,809</u>	<u>8,062</u>
	<u>21,954</u>	<u>19,769</u>

13. TRADE AND OTHER PAYABLES

	Unaudited At 30 September 2018 HK\$'000	Audited At 31 March 2018 HK\$'000
Trade payables	32,970	44,685
Amount due to a former shareholder	36,519	18,360
Accrued expenses and other payables	<u>23,114</u>	<u>73,825</u>
	<u>92,603</u>	<u>136,870</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 2018 HK\$'000	Audited At 31 March 2018 HK\$'000
0–30 days	1,113	22,587
31–90 days	266	3,243
Over 90 days	<u>31,591</u>	<u>18,855</u>
	<u>32,970</u>	<u>44,685</u>

14. BANK AND OTHER BORROWINGS

	Unaudited At 30 September 2018 <i>HK\$'000</i>	Audited At 31 March 2018 <i>HK\$'000</i>
Bank borrowings	5,757	7,271
Other borrowings	<u>58,595</u>	<u>199,931</u>
	<u><u>64,352</u></u>	<u><u>207,202</u></u>

Notes:

- a. The Group's bank borrowings are secured by certain cash deposit of the Group and are interest bearing at prime rate per annum.
- b. The other borrowing amounted HK\$36,117,000 was secured by the floating charge over all the assets of the Group. The rest of other borrowings were unsecured and all other borrowing will be settled within 1 year and hence classified as current liability.
- c. As at 30 September 2018, the other borrowings were interest bearing at a fixed rate of 8%–12% per annum.

15. SHARE CAPITAL

	Number of shares	Nominal amount <i>HK\$'000</i>
Authorised:		
Ordinary shares of HK\$0.001 each at 31 March 2018 and 30 September 2018	<u>200,000,000,000</u>	<u>200,000</u>
Issued and fully paid:		
Ordinary shares of HK\$1 each at 31 March 2018 and at 30 September 2018	<u>142,256,878</u>	<u>142</u>

16. 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.

17. ASSETS CLASSIFIED AS HELD FOR SALE

The Company and the purchaser entered into the sale and purchase agreement on 21 May 2018 pursuant to which the purchaser has conditionally agreed to acquire the entire issued share capital of Jovial Tycoon Holdings Limited, the indirectly wholly owned subsidiary of the Company at the consideration of HK\$100 million. Jovial Tycoon Holdings Limited owns 20% shareholding interest of the project group which is principally engaged in the operation of the project, a Build Operate Transfer Project of Shantou City Chaoren Port Cultural Park (汕頭市潮人碼頭文化公園特許經營項目). The consideration of HK\$100 million is satisfied upon Completion by way of setting off with the principal value of HK\$100 million promissory note which issued by the Company in favour of the purchaser in full. Moreover, upon Completion, the purchaser will waive all interest accrued on the promissory note payable by the Company to the purchaser. The transaction has completed on 13 November 2018.

The assets classified as held for sale as at 30 September 2018 are as follows:

	Unaudited 30 September 2018 <i>HK\$'000</i>
Investment in associate	<u>77,314</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 provide a series of highly skilled services including all level Penetration testing, complete coverage of Vulnerability management as well as DDoS protection.

Our MSS team can provide a full scale security Managed Security Services, 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.

The revenue from provision of professional services recorded approximately HK\$1.4 million for the six months ended 30 September 2018 (2017: HK\$4.0 million).

Proprietary trading business

In relation to the Group's proprietary trading business, the global market has been highly volatile in 2018. Asian market including Hong Kong has attracted favorable capital inflow across the world. However, the market is still filled with a lot of uncertainties such as the trigger of trade war and the effect of contractionary monetary policy from US. The Group will adopt a prudent approach in identifying opportunities in securities investment which will create value and will be beneficial to the Group and Shareholders. The Group also maintains a risk management policy in which key risk factors such as government and politic risks, country risks, price risks, interest rate risks, currency risks and economic risks have been identified and will be closely monitored. The turnover in proprietary trading business recorded approximately HK\$151.9 million for the six months ended 30 September 2018 (2017: HK\$106.4 million). The securities investment portfolio amounted to approximately HK\$Nil million as at 30 September 2018 (31 March 2018: HK\$62.8 million).

Money lending business

Though the loan and credit market became very active and intense competition existed during the past few years as a result of the rapid booming housing market in Hong Kong and the global low interest rate environment, the Board is confident that through its long established relationship, history, reputation, network and synergy, the Group is able to participate in the market share of the money lending business and it will become one of the driver of its future profits of the Group. In view of the above, the Board will invest more resources into the business once financing resources have been obtained. In addition to the consumable loan, the Company is planning to offer a variety of loan products to secured mortgage loans to individual, unsecured loan, small and medium sized enterprises loans, debts consolidation loan and corporate loans. Despite the above, the money lending business is suffering from political risk, regulatory risk, credit risk, economic risk and industry risk. The interest income in money lending business recorded approximately HK\$30,000 for the six months ended 30 September 2018 (2017: HK\$0.3 million). The loan portfolio amounted HK\$0.5 million as at 30 September 2018 (31 March 2018: HK\$0.5 million).

OTT services

OTT business is providing multi-media related services and content in the PRC via different platforms. In view of the growing penetration and the expansion of multi-media segment, the Group is optimistic to such business segment. In addition, consumers are moving beyond traditional media, the multi-media platform is an option used by many companies to brand and market their products. As such, the multi-media platform is playing an increasingly vital role in business marketing strategy. Having considered that our OTT services is equipped with experience in the industry with diversified clientele and being specialized in the provision of OTT services of video-on-demand in Hong Kong and Taiwan via its own digital video rental platform. The revenue from provision of OTT services recorded approximately HK\$27.4 million for the six months ended 30 September 2018 (2017: HK\$4.8 million).

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 2018, the Group recorded a turnover of approximately HK\$183.0 million (2017: HK\$124.7 million) representing an increase of approximately 46.7% as compared to that of the corresponding period in 2017. The increase in turnover was due to increase in the proceeds received from disposal of listed securities and increase in revenue from OTT services. Net loss on disposal financial assets at fair value through profit or loss increased to approximately HK\$7.1 million as compared to approximately HK\$5.8 million of the corresponding period in 2017 as a result of uncertainties in global securities market. Other expenses from continuing operations increased to approximately HK\$10.4 million as compared to approximately HK\$9.4 million for the corresponding period in 2017, representing an increase of approximately 10.6% as compared to that of the corresponding period in 2017. Finance cost from continuing operations increased to approximately HK\$14.2 million as compared to approximately HK\$11.9 million of the corresponding period in 2017, representing an increase of approximately 19.5% as compared to that of the corresponding period in 2017. The increase in finance cost was due to increase in interest on bank borrowing, short term loans and promissory notes. Loss attributable to the owners of the Company from continuing operations was approximately HK\$1.3 million for the six months ended 30 September 2018 (2017: HK\$36.9 million).

LIQUIDITY, FINANCIAL RESOURCES AND CAPITAL STRUCTURE

The Group generally finances its operations with internally generated cash flow, bank and other borrowings, promissory note and bonds. The Group maintained bank balances and cash of approximately HK\$1.5 million as at 30 September 2018 (as at 31 March 2018: approximately HK\$5.7 million). The net liabilities of the Group as at 30 September 2018 were approximately 59.2 million (as at 31 March 2018: approximately HK\$60.0 million).

On 17 August 2018, the Company entered into the subscription agreement with the subscriber pursuant to which the Company has conditionally agreed to issue, and the subscriber has conditionally agreed to subscribe for, the convertible bonds in the aggregate principal amount of HK\$45 million with the coupon interest at the rate of 4% per annum. The convertible bonds are convertible into new shares at a conversation price of HK\$1.94 per share. The maturity of the convertible bonds will the date falling on the first anniversary of the date of issue of the convertible bonds.

Pursuant to the subscription agreement, completion of the subscription is conditional upon the fulfilment of the conditions precedent of the subscription. As at 16 October 2018, all conditions precedent to the subscription have been fulfilled by the Company.

However, despite written request made by the Company to the subscriber, the subscriber has failed to complete the subscription scheduled to take place on 16 October 2018.

As at 30 September 2018, the Group had bank and other borrowings, which bank revolving loan of approximately HK\$5.8 million and short-term loans of approximately HK\$58.6 million respectively. The Group issued bonds with principal amount of HK\$20.3 million with the coupon interest of 4.85%–6% per annum and maturity from September 2019 to July 2022. The Group issued promissory notes with principal amount of HK\$113.4 million with interest of 4%–6% per annum and maturity from November 2019 to May 2020.

On 20 August 2018, the board lot size of the shares for trading on the Stock Exchange had changed from 20,000 shares to 2,000 shares.

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 2018 and 31 March 2018, the gearing ratio was not applicable for the both reporting period.

FOREIGN CURRENCY EXPOSURE

During the six months ended 30 September 2018, 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

Pursuant to the announcement of the Company dated 17 October 2016, the wholly owned subsidiary of the Company as the purchaser and the vendor has entered into the sale and purchase agreement to acquire 50% of issued share capital of Billion Ray Investments Limited and its subsidiary (collectively the "BRI Group") at the consideration of HK\$280 million ("First Agreement"). On 30 December 2016, the purchaser and the vendor has entered into a Termination Deed pursuant to which the parties mutually agreed to forthwith irrevocably, unconditionally and absolutely terminate the First Agreement. After termination of the First Agreement, the purchaser and the vendor entered into a Second Agreement to acquire 20% of issued capital of BRI Group at the consideration of HK\$100 million. The consideration will be satisfied by issuance of the promissory note to the vendor by the Company upon Completion. The BRI Group is principally engaged in the operation of the project, a Build-Operate-

Transfer Project of Shantou City Chaoren Port Cultural Park (汕頭市潮人碼頭文化公園特許經營項目). The BRI Group has been granted an exclusive right to build and operate the Project over 42.25 years. The acquisition was completed on 9 May 2017.

Pursuant to the announcement of the Company dated 29 May 2017, the wholly owned subsidiary of the Company as the purchaser and the vendor has entered in to the sale and purchase agreement to acquire 85% of issued share capital of Full Wealthy International Limited and its subsidiaries (collectively the “FWI Group”) at the consideration of HK\$46.07 million. The consideration will be satisfied by the issue and allotment of the 23,035,000 new shares at an issue price of HK\$2 per share by the Company upon completion. The vendor irrevocably and unconditionally guaranteed to the purchaser that the audited consolidated net profit after tax (but before extraordinary and exceptional items) of FWI Group for the 12 months from the completion date (both dates inclusive) (the “Guarantee Profit”). The FWI Group is principally engaged in the business of providing multi-media related services and content in the Greater China via different platforms like cable TV. The acquisition was completed on 28 June 2017. The Guarantee Profit has been achieved in the Guarantee Period in accordance with the audited consolidated financial statements of FWI Group.

The Company entered into the swap agreement on 9 May 2018 with the creditor pursuant to which the Company has conditionally agreed to swap the entire issued share capital of Top Insight Holdings Limited (“Target Share”) at the consideration of HK\$136 million with the creditor for (i) the Loan and (ii) the provision of the credit facility such that immediately after the completion, the creditor (or its nominee) shall acquire the Target Share in exchange of the assignment of the Loan and provision of the credit facility to the Company (the “Swap”). Top Insight Holdings Limited through its wholly-owned subsidiary, which is the legal and beneficial owner of the property situated at the 9th Floor, Global Trade Square, No. 21 Wong Chuk Hang Road, Hong Kong, together with 3 car parking spaces at Global Trade Square. The Creditor is the legal and beneficial owner of the Loan. Immediately after the signing of the swap agreement, the Company and the creditor have entered into the credit facility agreement pursuant to which the creditor grants the credit facility to the Company. The Swap has completed on 10 July 2018.

The Company and the purchaser entered into the sale and purchase agreement on 27 July 2018 pursuant to which the purchaser has conditionally agreed to acquire the entire issued share capital of Tongfang Electronic Company Limited, a directly wholly owned subsidiary of the Company, and its subsidiaries (collectively “Tongfang Group”) at the consideration of HK\$100,000. Tongfang Group are principally engaged in research, development and provision of integrated management information system for power plants and for banks in the PRC. The business is principally divided into system development and professional services, of which include consultancy, information technology engineering and technical support services in relation to the development of new system products that is tailor made in accordance with clients’ specification. The transaction has completed on 27 July 2018.

The Company and the purchaser entered into the sale and purchase agreement on 21 May 2018 pursuant to which the purchaser has conditionally agreed to acquire the entire issued share capital of Jovial Tycoon Holdings Limited, the indirectly wholly owned subsidiary of the Company at the consideration of HK\$100 million. Jovial Tycoon Holdings Limited owns 20% shareholding interest of the project group which is principally engaged in the operation of the project, a Build Operate Transfer Project of Shantou City Chaoren Port Cultural Park (汕頭市潮人碼頭文化公園特許經營項目). The consideration of HK\$100,000,000 will be satisfied upon Completion by way of setting off with the principal value of HK\$100 million promissory note which issued by the Company in favour of the purchaser in full. Moreover, upon Completion, the purchaser will waive all interest accrued on the promissory note payable by the Company to the purchaser. The transaction has completed on 13 November 2018.

Loss on disposal financial assets at fair value through profit or loss is as follows:

	Six months ended 30 September 2018
	Realised and unrealised loss HK\$'000
Company	
Goldin Financial Holdings Limited	(2,501)
Inno-Tech Holdings Limited	(1,725)
Code Agriculture (Holdings) Limited	(1,440)
CNC Holdings Limited	(1,388)
Others	(19)
Net realised loss	(7,073)

EMPLOYEES AND REMUNERATION POLICIES

As at 30 September 2018, the Group hired 24 employees including the executive Directors (2017: 28). Total staff costs including Directors' remuneration for the six months period under review amounting to approximately HK\$5.4 million (2017: HK\$4.3 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

Save as disclosed in note 14, the Group did not have any material charges on assets and contingent liabilities as at 30 September 2018.

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 2018 and there were no outstanding share options as at 30 September 2017 and 2018. 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 2018, 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 2018, the persons (other than a director or chief executive of the Company) who have interests or short position in the shares, underlying shares and debentures of the Company which would fall to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO or who are, directly or indirectly, to be interested in 5% or more of the nominal value of any class of share capital carrying rights to vote in all circumstances at general meetings of any other member of the Group, were as follows:

Long position in shares of the Company:

Name of the shareholder	Capacity	Number of shares held	Approximate percentage of shareholding (note 1)
Full Times Investment Limited ("Full Times") (note 2)	Beneficial owner	36,815,000	25.88%
HMV Digital China Group Limited ("HMV Digital") (note 2)	Interest in controlled corporation	37,995,000	26.71%
	Beneficial owner	1,544,000	1.08%

Notes:

1. As at 30 September 2018, the issued share capital of the Company was 142,256,878 shares.
2. 37,995,000 shares refer to the aggregate of (a) 36,815,000 shares held by Full Times and (b) 1,180,000 shares held by New Smart International Creation Limited ("New Smart"). Both Full Times and New Smart are direct wholly-owned subsidiaries of HMV Digital (stock code: 8078), whose shares are listed on the GEM of the Stock Exchange.

Save as disclosed above, as at 30 September 2018, 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 2018 or at any time during such period.

DIRECTORS' COMPETING INTERESTS

As at 30 September 2018, none of the Directors or their respective associates (as defined under the GEM Listing Rules) had any business or interest in a business which competes or may compete with the business of the Group.

INTERESTS OF COMPLIANCE ADVISER

Pursuant to the directions of the GEM Listing Committee of the Stock Exchange, the Company has appointed Grand Moore Capital Limited as the independent compliance adviser (the "Compliance Adviser") on an on-going basis consultation on compliance with the GEM Listing Rules for a period of two years with effect from 22 June 2018. As at 30 September 2018, as notified by the Compliance Adviser, except 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 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 2018 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 2018.

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

Pursuant to Rule 17.50A(1) of the GEM Listing Rules, upon specific enquiry by the Company and following confirmations from the Directors, there are some changes in the information of the Directors subsequent to the date of the Company's annual report 2017/18.

Mr. Ma Stephen Tze On ("Mr. Ma") and Mr. Ho Siu King, Stanley ("Mr. Ho") were appointed as an independent non-executive Director and member of each audit committee, remuneration committee and nomination committee with effect from 20 July 2018.

The biographical information of Mr. Ho and Mr. Ma are set out below:

Mr. Ho, aged 30, is a practicing barrister in Hong Kong. His areas of practice include civil and criminal law. He holds a Master of Laws degree from the London School of Economics and Political Science, and Bachelor of Laws and Bachelor of Engineering (Civil Engineering and Laws) degrees from the University of Hong Kong.

Mr. Ho is currently an independent non-executive director of Chinese Food and Beverage Group Limited (Stock code: 8272) and Easy Repay Finance & Investment Limited (Stock code: 8079), all being companies whose shares listed on the GEM of the Stock Exchange of Hong Kong Limited.

Mr. Ma, aged 39, is a barrister-at-law at Wellington Chambers. He was admitted to practice law as a barrister in the High Court of Hong Kong in 2006. Mr. Ma holds a Postgraduate Certificate in Laws from The University of Hong Kong, a Graduate Diploma in Law from The Nottingham Trent University and a Bachelor's degree in Business Administration from Simon Fraser University.

Mr. Ma is currently an independent non-executive director of Chinese Food and Beverage Group Limited (Stock code: 8272), a company listed on the GEM.

Mr. Ma and Mr. Ho are entitled to each annual director's fee of HK\$120,000, which is 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.

Mr. Ma and Mr. Ho do not hold any shares or options of the Company. Mr. Ma and Mr. Ho have no interest in the shares of the Company and its associated corporations within the meaning of Part XV of the SFO and does 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 discloseable nor are/were their 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 20 July 2018, Mr. Yuen Koon Tung has been re-designated from an independent non-executive director to an executive director; Mr. Leung Chung Nam has resigned as an executive director and an authorised representative of the Company and Mr. Lau Kelly has been appointed as an authorised representative of the Company.

On 14 September 2018, Dr. Wan Ho Yuen, Terence has resigned as an independent non-executive director and the chairman of each audit committee, remuneration committee and nomination committee.

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

Hong Kong, 14 November 2018

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

Executive Directors:

Mr. Lau Kelly (*Chief Executive Officer*)

Ms. Ho Chi Na

Mr. Yuen Koon Tung

Independent non-executive Directors:

Mr. Hau Chi Kit

Mr. Ma Stephen Tsz On

Mr. Ho Siu King, Stanley

This announcement, for which the Directors collectively and individually accept full responsibility, includes particulars given in compliance with 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 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 announcement 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 <http://www.hmvod.com.hk>.