



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 2023**

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HIGHLIGHTS

- Turnover for the six months ended 30 September 2023 amounted to approximately HK\$9.0 million representing a decrease of approximately 36.3% over the corresponding period in 2022 amounting to approximately HK\$14.1 million.
- Loss for the period for the six months ended 30 September 2023 amounted to approximately HK\$6.2 million (2022: loss of HK\$6.6 million).
- Basic loss per share for the six months ended 30 September 2023 was approximately HK5.46 cents (2022: basic loss per share of HK6.07 cents).
- The Board does not recommend the payment of any interim dividend for the six months ended 30 September 2023 (2022: 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 2023, together with the unaudited comparative figures for the corresponding periods in 2022, are as follows:

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

For the three and six months ended 30 September 2023

	Notes	Unaudited Three months ended 30 September 2023		Unaudited Six months ended 30 September 2022	
		HK\$'000	2022 HK\$'000 (Re-presented)	HK\$'000	2022 HK\$'000 (Re-presented)
Continuing operations					
Revenue	3	4,496	6,948	8,967	14,085
Other income and gains	5	810	224	1,240	466
Subcontractor costs		(4,171)	(4,921)	(8,493)	(9,770)
Operating and administrative expenses		(3,361)	(3,996)	(5,886)	(7,964)
Amortisation of intangible assets		–	–	–	(1,722)
Finance costs	6	(1,150)	(613)	(2,033)	(1,950)
Loss before income tax		(3,376)	(2,358)	(6,205)	(6,855)
Income tax credit	7	–	–	–	283
Loss for the period from the continuing operations	8	(3,376)	(2,358)	(6,205)	(6,572)
Discontinued operation					
Loss for the period from the discontinued operation	9	–	–	–	(10)
Loss for the period		(3,376)	(2,358)	(6,205)	(6,582)
Other comprehensive expense					
Item that may be reclassified subsequently to profit or loss:					
Exchange difference arising on translation of foreign operations		–	–	9	11
Total comprehensive expense for the period		(3,376)	(2,358)	(6,196)	(6,571)

	Notes	Unaudited Three months ended 30 September 2023		Unaudited Six months ended 30 September 2022	
		HK\$'000	2022 HK\$'000 (Re-presented)	HK\$'000	2022 HK\$'000 (Re-presented)
Loss for the period attributable to:					
Owners of the Company		(3,249)	(2,308)	(5,895)	(6,552)
Non-controlling interest		(127)	(50)	(310)	(30)
		<u>(3,376)</u>	<u>(2,358)</u>	<u>(6,205)</u>	<u>(6,582)</u>
Loss for the period attributable to owners of the Company arises from:					
Continuing operations		(3,249)	(2,308)	(5,895)	(6,547)
Discontinued operation		<u>-</u>	<u>-</u>	<u>-</u>	<u>(5)</u>
		<u>(3,249)</u>	<u>(2,308)</u>	<u>(5,895)</u>	<u>(6,552)</u>
Loss for the period attributable to the non-controlling arises from:					
Continuing operations		(127)	(50)	(310)	(25)
Discontinued operation		<u>-</u>	<u>-</u>	<u>-</u>	<u>(5)</u>
		<u>(127)</u>	<u>(50)</u>	<u>(310)</u>	<u>(30)</u>
Total comprehensive expense for the period attributable to:					
Owners of the Company		(3,058)	(2,308)	(5,887)	(6,541)
Non-controlling interest		(318)	(50)	(309)	(30)
		<u>(3,376)</u>	<u>(2,358)</u>	<u>(6,196)</u>	<u>(6,571)</u>
Total comprehensive expense attributable to owners of the Company arises from:					
Continuing operations		(3,058)	(2,308)	(5,887)	(6,536)
Discontinued operation		<u>-</u>	<u>-</u>	<u>-</u>	<u>(5)</u>
		<u>(3,058)</u>	<u>(2,308)</u>	<u>(5,887)</u>	<u>(6,541)</u>

	<i>Notes</i>	Unaudited Three months ended 30 September 2023		Unaudited Six months ended 30 September 2023	
		HK\$'000	2022 <i>HK\$'000</i> (Re-presented)	HK\$'000	2022 <i>HK\$'000</i> (Re-presented)
Loss per share (<i>HK cents</i>)	11				
From continuing and discontinued operations					
– Basic		(3.01)	(2.14)	(5.46)	(6.07)
From continuing operations					
– Basic		(3.01)	(2.14)	(5.46)	(6.07)
From discontinued operation					
– Basic		<u>–</u>	<u>–</u>	<u>–</u>	<u>(0.00)</u>

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 30 September 2023

		Unaudited 30 September 2023 <i>HK\$'000</i>	Audited 31 March 2023 <i>HK\$'000</i>
	<i>Notes</i>		
Non-current assets			
Property, plant and equipment		314	381
Goodwill		<u>8,534</u>	<u>8,534</u>
		<u>8,848</u>	<u>8,915</u>
Current assets			
Trade and other receivables	12	2,316	2,436
Deposits and prepayments		1,920	4,196
Cash and cash equivalents		<u>884</u>	<u>2,392</u>
		<u>5,120</u>	<u>9,024</u>
Current liabilities			
Trade and other payables	13	29,909	30,330
Borrowings	14	6,729	495
Tax liabilities		<u>–</u>	<u>377</u>
		<u>36,638</u>	<u>31,202</u>
Net current liabilities		<u>(31,518)</u>	<u>(22,178)</u>
Total assets less current liabilities		<u><u>(22,670)</u></u>	<u><u>(13,263)</u></u>
Capital and reserves			
Share capital	15	1,079	1,079
Share premium and reserves	16	<u>(74,078)</u>	<u>(68,191)</u>
Deficit attributable to owners of the Company		(72,999)	(67,112)
Non-controlling interests		<u>(5,138)</u>	<u>(4,829)</u>
Total deficit		<u>(78,137)</u>	<u>(71,941)</u>
Non-current liabilities			
Other payables	13	7,897	7,872
Borrowings	14	36,750	39,986
Provision		<u>10,820</u>	<u>10,820</u>
		<u>55,467</u>	<u>58,678</u>
		<u><u>(22,670)</u></u>	<u><u>(13,263)</u></u>

UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the six months ended 30 September 2023

	Attributable to owners of the Company							
	Share Capital	Share premium	Capital reserve	Exchange translation reserve	Accumulated losses	Sub-total	Non- controlling interest	Total
	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>
At 1 April 2022 (audited)	1,079	614,487	1,200	(642)	(670,895)	(54,771)	(7,979)	(62,750)
Loss for the period	-	-	-	-	(6,552)	(6,552)	(30)	(6,582)
Exchange difference arising on translation of foreign operations	-	-	-	11	-	11	-	11
Total comprehensive expense for the period	-	-	-	11	(6,552)	(6,541)	(30)	(6,571)
At 30 September 2022 (unaudited)	<u>1,079</u>	<u>614,487</u>	<u>1,200</u>	<u>(642)</u>	<u>(670,895)</u>	<u>(54,771)</u>	<u>(7,979)</u>	<u>(62,750)</u>
At 1 April 2023 (audited)	1,079	614,487	1,200	(652)	(683,226)	(67,112)	(4,829)	(71,941)
Loss for the period	-	-	-	-	(5,895)	(5,895)	(310)	(6,205)
Exchange difference arising on translation of foreign operations	-	-	-	8	-	8	1	9
Total comprehensive expense for the period	-	-	-	8	(5,895)	(5,887)	(309)	(6,196)
At 30 September 2023 (unaudited)	<u>1,079</u>	<u>614,487</u>	<u>1,200</u>	<u>(644)</u>	<u>(689,121)</u>	<u>(72,999)</u>	<u>(5,138)</u>	<u>(78,137)</u>

UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

For the six months ended 30 September 2023

	Unaudited	
	Six months ended	
	30 September	
	2023	2022
	HK\$'000	HK\$'000
Net cash (outflow)/inflow from operating activities	(2,639)	2,448
Net cash outflow from investing activities	(89)	(109)
Net cash inflow/(outflow) from financing activities	<u>1,220</u>	<u>(2,799)</u>
Net decrease in cash and cash equivalents	(1,508)	(460)
Cash and cash equivalents at 1 April	<u>2,392</u>	<u>1,875</u>
Cash and cash equivalents at 30 September	<u><u>884</u></u>	<u><u>1,415</u></u>

NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

1. GENERAL INFORMATION

The Company is a limited company incorporated in the Cayman Islands and its shares are listed on GEM of the Stock Exchange. 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 9/F, E-Trade Plaza, No. 24 Lee Chung Street, Chai Wan, Hong Kong.

The Company acts as an investment holding company. The Company and its subsidiaries (the “**Group**”) are principally engaged in the following activities:

- | | |
|---|---|
| (i) Provision of over-the-top (“ OTT ”) services | Distribution of films, television programmes and music concerts on OTT platforms |
| (ii) Provision of professional services
(Discontinued operation) | Provision of information technology engineering and technical support services including financial valuation and IT service |

The unaudited condensed consolidated financial statements are presented in Hong Kong dollars (“**HK\$**”), which is also the functional currency of the Company and all values are rounded to nearest thousands of Hong Kong dollars (“**HK\$’000**”) except when otherwise indicated.

2. BASIS OF PREPARATION

The unaudited condensed consolidated financial statements for the six months ended 30 September 2023 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 the GEM Listing Rules.

Other than the changes in accounting policies resulting from application of new and amendments to HKFRSs, the accounting policies and methods of computation used in the unaudited condensed consolidated financial statements for the six months ended 30 September 2023 are consistent with those applied in the audited consolidated financial statements for the year ended 31 March 2023.

The unaudited condensed consolidated financial statements have been prepared under the historical cost convention.

The unaudited condensed consolidated financial statements have not been reviewed by the Company’s auditor, but have been reviewed by the Company’s audit committee.

Going concern assessment

The Group incurred a net loss of HK\$6,205,000 for the six months ended 30 September 2023 and, as of that date, the Group's current liabilities exceeded its current assets by HK\$31,518,000 and total liabilities exceeded its total assets by HK\$78,137,000. The Group's borrowings amounted to HK\$43,479,000, out of which borrowings of HK\$6,729,000 is due for repayment in the next twelve months from the date of approval of these unaudited condensed consolidated financial statements. These conditions may cast a significant doubt about the ability of the Group to continue as a going concern.

In view of the above, the directors of the Company have given careful consideration to the future liquidity requirements and operating performance of the Group and its available sources of financing to assess whether the Group would have sufficient financial resources to fulfill its financial obligations to continue as a going concern. The Group has taken measures to improve its financial position and to alleviate its liquidity pressure, which include but not limited to the following:

- (i) The Group has been actively negotiating with potential investors to raise additional fund through different means. During the period ended 30 September 2023, the Group successfully obtained new borrowings and loan facilities in an aggregate amount of HK\$15,000,000 from a financial institution in Hong Kong and an individual. Pursuant to the agreements, the borrowings are unsecured, interest-bearing ranging from 5% to 6% per annum and repayable in June 2025.
- (ii) On 8 August 2023, the Company entered into the subscription agreements with subscribers in relation to the issue of convertible bonds in an aggregate principal amount of HK\$12,000,000 at the conversion price of HK\$0.6 per conversion share. The convertible bonds carry interest at 3% per annum and become mature at the date falling on the first anniversary of the issue of the convertible bonds.
- (iii) The Company completed the placing of shares with the net proceeds amounting to approximately HK\$23,010,000 on 24 October 2023.
- (iv) The Group continues to improve the operating efficiency by implementing measures to tighten cost controls, over various operating expenses in order to enhance its profitability and to improve the cash flow from its operation in future.

3. REVENUE

Revenue represents income from OTT services and professional services rendered, 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	
	2023	2022	2023	2022
	HK\$'000	HK\$'000	HK\$'000	HK\$'000
Type of services, recognised over time:				
– OTT services (Continuing operations)	4,496	6,948	8,967	14,085
– Professional services fees (Discontinued operation)	–	–	–	–
	<u>4,496</u>	<u>6,948</u>	<u>8,967</u>	<u>14,085</u>

4. SEGMENT INFORMATION

(a) Operating segments

The Group satisfied its performance obligation for provision of OTT services and provision of professional services when the services are rendered.

Information reported to the executive directors of the Group, being the chief operating decision maker (“CODM”), for the purposes of resource allocation and assessment of segment performance focuses on the types of services rendered.

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 2023 and 2022 by operating segment is as follows:

	Continuing operations		Discontinued operation		Consolidated	
	OTT services		Professional services			
	2023	2022	2023	2022	2023	2022
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
REVENUE						
External revenue	<u>8,967</u>	<u>14,085</u>	<u>–</u>	<u>–</u>	<u>8,967</u>	<u>14,085</u>
RESULT						
Segment (loss)/profit	<u>(1,830)</u>	<u>1,040</u>	<u>–</u>	<u>–</u>	<u>(1,830)</u>	<u>1,040</u>
Unallocated income and gains					1,240	43
Unallocated expenses and losses					(3,582)	(5,988)
Finance costs					<u>(2,033)</u>	<u>(1,960)</u>
Loss before income tax					<u>(6,205)</u>	<u>(6,865)</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 operation		Consolidated	
	OTT services		Professional services			
	30 September	31 March	30 September	31 March	30 September	31 March
	2023	2023	2023	2023	2023	2023
	<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>2,316</u>	<u>2,386</u>	<u>-</u>	<u>-</u>	<u>2,316</u>	<u>2,386</u>
Unallocated corporate assets						
– Property, plant and equipment					314	381
– Goodwill					8,534	8,534
– Other receivables					-	50
– Deposits and prepayments					1,920	4,196
– Cash and cash equivalent					884	2,392
Total assets					<u>13,968</u>	<u>17,939</u>
LIABILITIES						
Segment liabilities	<u>(5,849)</u>	<u>(8,136)</u>	<u>-</u>	<u>-</u>	<u>(5,849)</u>	<u>(8,136)</u>
Unallocated corporate liabilities						
– Other payables					(31,957)	(30,066)
– Borrowings					(43,479)	(40,481)
– Tax liabilities					-	(377)
– Provisions					(10,820)	(10,820)
Total liabilities					<u>(92,105)</u>	<u>(89,880)</u>

5. OTHER INCOME AND GAINS

	Unaudited			
	Three months ended		Six months ended	
	30 September		30 September	
	2023	2022	2023	2022
<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>	
Continuing operations				
Government grants	–	197	–	313
Others	<u>810</u>	<u>27</u>	<u>1,240</u>	<u>153</u>
	<u>810</u>	<u>224</u>	<u>1,240</u>	<u>466</u>

Government grants during the six months ended 30 September 2022 related to the Employment Support Scheme provided by the Government of the Hong Kong Special Administrative Region in respect of COVID-19 related subsidies.

6. FINANCE COSTS

	Unaudited			
	Three months ended		Six months ended	
	30 September		30 September	
	2023	2022	2023	2022
<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>	
Continuing operations				
Interest on borrowings	895	430	1,778	1,637
Interest on bonds	<u>255</u>	<u>183</u>	<u>255</u>	<u>313</u>
	<u>1,150</u>	<u>613</u>	<u>2,033</u>	<u>1,950</u>

7. INCOME TAX CREDIT

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 2023 and 2022.

8. LOSS FOR THE PERIOD

Loss for the period has been arrived at after charging:

	Unaudited			
	Three months ended		Six months ended	
	30 September		30 September	
	2023	2022	2023	2022
	HK\$'000	HK\$'000	HK\$'000	HK\$'000
Continuing operation				
Staff costs, including directors' remuneration				
Salaries and other benefits	2,171	2,452	3,455	5,188
Retirement benefits scheme contributions	68	83	133	166
	<u>2,239</u>	<u>2,535</u>	<u>3,588</u>	<u>5,354</u>
Amortisation of intangible assets	-	-	-	1,722
Depreciation of property, plant and equipment	80	146	156	290
Expense relating to short-term leases	2	-	4	2
	<u>2</u>	<u>-</u>	<u>4</u>	<u>2</u>

9. LOSS FOR THE PERIOD FROM DISCONTINUED OPERATION

On 30 March 2023, the Group has disposed of its entire equity interest in Zero Effort Limited and its subsidiaries, which are engaged in the provision of professional services at cash consideration of HK\$1.

	Unaudited			
	Three months ended		Six months ended	
	30 September		30 September	
	2023	2022	2023	2022
	HK\$'000	HK\$'000	HK\$'000	HK\$'000
Revenue	-	-	-	-
Other income and gains	-	-	-	-
Operation and administrative expenses	-	-	-	-
Finance costs	-	-	-	(10)
	<u>-</u>	<u>-</u>	<u>-</u>	<u>(10)</u>
Loss before taxation	-	-	-	(10)
Income tax expenses	-	-	-	-
	<u>-</u>	<u>-</u>	<u>-</u>	<u>(10)</u>
Loss and other comprehensive loss for the period from discontinued operation	-	-	-	(10)
Loss and other comprehensive loss for the period attributable to:				
Owners of the Company	-	-	-	(5)
Non-controlling interests	-	-	-	(5)
	<u>-</u>	<u>-</u>	<u>-</u>	<u>(10)</u>

10. DIVIDEND

The Board does not recommend the payment of any dividend for the six months ended 30 September 2023 (2022: Nil).

11. LOSS PER SHARE

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

	Unaudited			
	Three months ended		Six months ended	
	30 September		30 September	
	2023	2022	2023	2022
	HK\$'000	HK\$'000	HK\$'000	HK\$'000
For continuing operations				
Loss:				
Loss for the period attributable to owners of the Company	(3,249)	(2,308)	(5,895)	(6,552)
Less:				
Loss for the period from discontinued operation	-	-	-	(5)
Loss for the purpose of calculating basic loss per share from continuing operations (loss for the period)	<u>(3,249)</u>	<u>(2,308)</u>	<u>(5,895)</u>	<u>(6,547)</u>

	Three months ended		Six months ended	
	30 September		30 September	
	2023	2022	2023	2022
	'000	'000	'000	'000
Number of shares				
Weighted average number of ordinary shares for the purpose of calculating basic loss per share	<u>107,873</u>	<u>107,873</u>	<u>107,873</u>	<u>107,873</u>

For discontinued operation

Basic loss per share for the discontinued operation is nil per share (2022: HK0.005 cents per share), based on the loss for the year from the discontinued operation of nil (2022: HK\$5,000) and the denominators detailed above for basic loss per share.

No diluted loss per share for both periods were presented as there were no potential ordinary shares in issue for both periods.

12. TRADE AND OTHER RECEIVABLES

	Unaudited	Audited
	At	At
	30 September	31 March
	2023	2023
	HK\$'000	HK\$'000
Trade receivables	2,324	2,394
Less: allowance for credit losses	<u>(8)</u>	<u>(8)</u>
	<u>2,316</u>	<u>2,386</u>
Other receivables	<u>-</u>	<u>50</u>
	<u>2,316</u>	<u>2,436</u>

- (a) Trade 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) The following is an aging analysis of trade receivables, net of allowance for credit losses, presented based on invoice date:

	Unaudited	Audited
	At	At
	30 September	31 March
	2023	2023
	HK\$'000	HK\$'000
0–30 days	1,068	1,097
31–90 days	979	1,149
Over 90 days	<u>269</u>	<u>140</u>
	<u>2,316</u>	<u>2,386</u>

13. TRADE AND OTHER PAYABLES

	Unaudited	Audited
	At	At
	30 September	31 March
	2023	2023
	HK\$'000	HK\$'000
Trade payables	5,261	7,397
Accruals and other payables (<i>note</i>)	31,957	30,066
Contract liabilities	588	739
	<u>37,806</u>	<u>38,202</u>

Note: Included in the non-current portion of accruals and other payables was the amount due to a non-controlling shareholder of a subsidiary of HK\$7,872,000 (For the year ended 31 March 2023: HK\$7,872,000). The balance was unsecured, interest free and repayable over 1 year.

The following is an aging analysis of trade payables presented based on the invoice date:

	Unaudited	Audited
	At	At
	30 September	31 March
	2023	2023
	HK\$'000	HK\$'000
0–30 days	30	20
31–90 days	9	600
Over 90 days	5,222	6,777
	<u>5,261</u>	<u>7,397</u>

14. BORROWINGS

	Unaudited	Audited
	At	At
	30 September	31 March
	2023	2023
	HK\$'000	HK\$'000
Borrowings	43,479	40,481
Less: Amounts included under current liabilities	<u>(6,729)</u>	<u>(495)</u>
	<u>36,750</u>	<u>39,986</u>

15. SHARE CAPITAL

	Number of	Nominal
	shares	amount
		<i>HK\$'000</i>
Authorised:		
Ordinary shares of HK\$0.01 each at 31 March 2023 and 30 September 2023	<u>20,000,000,000</u>	<u>200,000</u>
Issued and fully paid:		
Ordinary shares of HK\$0.01 each at 31 March 2023 and 30 September 2023	<u>107,873,248</u>	<u>1,079</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.

MANAGEMENT DISCUSSION AND ANALYSIS

BUSINESS PERFORMANCE AND PROSPECT

OTT services

OTT services is providing multi-media related services and content in the Hong Kong via different platforms. In view of the growing penetration and expansion of multi-media segment, 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. We believe that our Group is beneficial from the world-wide trend given 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 Macau via its own digital video rental platform.

The revenue in OTT services recorded approximately HK\$9.0 million for the six months ended 30 September 2023 (2022: HK\$14.1 million), represents a decrease of approximately 36.3% as compared with the corresponding period in 2022. Such decrease was due to a drop in subscription of the OTT services attributable mainly to (a) relaxation of COVID-19 restrictions which led to (i) cessation of work from home arrangement of enterprises; (ii) relaxation of social distancing measures promoted social activities outside home; and (iii) international travelling, which resulted in a decrease in home entertainment and OTT view rate; and (b) the increased competition from other OTT service providers with price advantages.

Professional services

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.

The professional services segment was disposed on 30 March 2023. Accordingly, certain comparative information are re-presented in these consolidated financial statements. Details are shown in the note 9.

FUTURE PROSPECTS

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

Going forward, the Group will continue exploring other opportunities to acquire other media contents to enrich its media content library so as to attract more customers in Hong Kong and Macau.

FINANCIAL PERFORMANCE

During the six months ended 30 September 2023, the Group recorded a revenue of approximately HK\$9.0 million (2022: approximately HK\$14.1 million) representing a decrease of approximately 36.3% as compared to that of the corresponding period in 2022. The decrease in revenue was due to decrease in revenue from OTT services. Subcontractor costs decreased to approximately HK\$8.5 million as compared to approximately HK\$9.8 million of corresponding period in 2022. The decrease in subcontractor costs was due to the decrease in revenue. Operating and administrative expenses decreased to approximately HK\$5.7 million as compared to approximately HK\$8.0 million of corresponding period in 2022. Finance costs was approximately HK\$2.0 million as compared to approximately HK\$2.0 million of the corresponding period in 2022. The finance costs remained similar to that of the corresponding period in 2022. Loss attributable to the owners of the Company was approximately HK\$5.9 million for the six months ended 30 September 2023 (2022: loss of approximately HK\$6.6 million).

LIQUIDITY, FINANCIAL RESOURCES AND CAPITAL STRUCTURE

During the six months ended 30 September 2023, the Company has not made any issue for cash of equity securities.

On 24 October 2023, the Company completed the placing and 21,574,649 placing shares, representing approximately 16.67% of the issued share capital of the Company immediately after the completion of placing, have been placed at the placing price HK\$1.08 per placing shares. The net proceeds are approximately HK\$23,010,000 and it is used for the following purposes:

- Approximately HK\$5 million is intended to be allocated to the purchase of contents for OTT services;
- Approximately HK\$7 million is intended to be allocated to the production of concerts; and
- Approximately HK\$11 million is intended to be used for general working capital.

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 shareholders' equity. Since the Group recorded a deficit attributable to owners of the Company as at 30 September 2023 and 31 March 2023, the gearing ratio was not applicable for the both reporting periods.

FOREIGN CURRENCY EXPOSURE

During the six months ended 30 September 2023, the Group experienced only immaterial exchange rate fluctuations as the functional currency of the Group's operations was mainly Hong Kong dollars. 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 2023.

EMPLOYEES AND REMUNERATION POLICIES

As at 30 September 2023, the Group hired 18 employees including the executive Directors (31 March 2023: 33). Total staff costs including Directors' remuneration for the six months period under review amounting to approximately HK\$3.6 million (2022: HK\$5.4 million). The Group's remuneration policies are in line with the prevailing market practices and are determined on the basis of performance and experience of individual employees. The Group provides mandatory provident fund scheme for the employees employed under the jurisdiction of the Hong Kong Employment Ordinance.

CHARGES ON ASSETS AND CONTINGENT LIABILITIES

The Group did not have any material charges on assets and contingent liabilities as at 30 September 2023.

DIVIDEND

The Board does not recommend the payment of dividend for the six months ended 30 September 2023 (2022: Nil).

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 2023 and there were no outstanding share options as at 30 September 2023. 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 2023, 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 2023, 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 Substantial Shareholders	Capacity	Number of shares/underlying Shares held	Approximate percentage of total number of issued shares of the Company (Note 1)
Cheng Chi Heng	Beneficial Owner	8,628,500	8.00%
Masan Multi Strategy Fund SPC – Masan HK Equity Fund SP (Note 2)	Beneficial Owner	8,139,000	7.54%
Masan Capital Limited	Investment manager (Note 2)	8,139,000	7.54%
Top Lion International Limited	Interest of a controlled Corporation (Note 2)	8,139,000	7.54%
Lui Yu Kin	Beneficial Owner	6,792,000	6.30%

Notes:

1. As at 30 September 2023, the issued share capital of the Company was 107,873,248 shares
2. Masan Multi Strategy Fund SPC – Masan HK Equity Fund SP (“**Masan Fund**”) holds a total of 8,139,000 Shares. Masan Fund is wholly-owned by Masan Capital Limited, which in turn wholly-owned by Top Lion International Limited, a company incorporated in the BVI (“**Top Lion**”). Therefore, Top Lion is deemed, or taken to be, interested in all the Shares held by Masan Fund for the purposes of the SFO.

Save as disclosed above, as at 30 September 2023, 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 2023 or at any time during such period.

DIRECTORS’ COMPETING INTERESTS

As at 30 September 2023, 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 the GEM Listing Rules and the Corporate Governance Code (the “**Code**”).

The audit committee of the Company reviews the internal accounting procedures, considers and reports to the Board with respect to other auditing and accounting matters, including selection of independent auditors, fees to be paid to the independent auditors and the performance of the independent auditors.

As at the date of this report, the audit committee consists of four independent non-executive Directors namely Mr. Tsang Hing Bun, Mr. Chan Chi Ching and Mr. Hung Cho Sing, *B.B.S.* and Mr. Ko Chi Kiu Robert.

The unaudited condensed consolidated financial statements of the Group for the six months ended 30 September 2023 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 2023.

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.

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

Hong Kong, 10 November 2023

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

Executive Directors:

Ms. Ho Chi Na

Ms. Wong Tsz Ki

M. Chong Tung Yan Benedict

Independent non-executive Directors:

Mr. Tsang Hing Bun

Mr. Chan Chi Ching

Mr. Hung Cho Sing, *B.B.S.*

Mr. Ko Chi Kiu Robert

This report will remain on the Stock Exchange's website at www.hkexnews.hk on the "Latest Listing Company Information" page for at least 7 days from the date of its posting and on the Company's website at www.hmvod.com.hk.