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Most Kwai Chung Limited

毛記葵涌有限公司

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 1716)

**INTERIM RESULTS ANNOUNCEMENT
FOR THE SIX MONTHS ENDED 30 SEPTEMBER 2021**

FINANCIAL HIGHLIGHTS	Six months ended 30 September	
	2021	2020
Revenue	HK\$48.1 million	HK\$33.4 million
Gross profit	HK\$10.7 million	HK\$14.1 million
Net profit	HK\$1.9 million	HK\$10.9 million
Basic earnings per share	HK0.71 cents	HK4.02 cents

RESULTS

The board (the “Board”) of directors (the “Directors”) of Most Kwai Chung Limited (the “Company”) is pleased to present the condensed consolidated unaudited results of the Company and its subsidiaries (collectively as the “Group”) for the six months ended 30 September 2021 (the “Period”), together with the comparative figures for the six months ended 30 September 2020, as follows:

CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

FOR THE SIX MONTHS ENDED 30 SEPTEMBER 2021

(Expressed in Hong Kong dollars)

		Six months ended	
		30 September	
	Note	2021	2020
		HK\$'000	HK\$'000
		(unaudited)	(unaudited)
Revenue	4	48,076	33,412
Cost of sales	5	(37,420)	(19,271)
		<hr/>	<hr/>
Gross profit		10,656	14,141
Other income		232	–
Selling and distribution expenses	5	(1,832)	(1,912)
Administrative expenses	5	(8,199)	(5,589)
(Provision for)/reversal of impairment losses on trade receivables, net	11	(220)	443
		<hr/>	<hr/>
Operating profit		637	7,083
Finance income		20	282
Finance costs		(48)	(46)
		<hr/>	<hr/>
Finance (costs)/income, net		(28)	236
Share of profit of associates, net		1,851	3,929
Share of loss of a joint venture		(176)	–
		<hr/>	<hr/>
Profit before income tax		2,284	11,248
Income tax expense	6	(361)	(392)
		<hr/>	<hr/>
Profit and total comprehensive income attributable to owners of the Company for the period		1,923	10,856
		<hr/>	<hr/>
Basic and diluted earnings per share for profit attributable to owners of the Company (Hong Kong cents)	7	0.71	4.02
		<hr/>	<hr/>

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT 30 SEPTEMBER 2021
(Expressed in Hong Kong dollars)

	<i>Note</i>	As at 30 September 2021 HK\$'000 (unaudited)	As at 31 March 2021 HK\$'000 (audited)
ASSETS			
Non-current assets			
Property, plant and equipment	9	1,737	1,007
Right-of-use assets		1,774	1,670
Deposits		342	276
Interests in associates		10,583	9,842
Interest in a joint venture	10	524	–
		<u>14,960</u>	<u>12,795</u>
Current assets			
Inventories		790	745
Trade receivables	11	7,053	6,569
Prepayments, deposits and other receivables		1,828	1,933
Current income tax recoverable		314	431
Cash and cash equivalents		84,715	84,356
		<u>94,700</u>	<u>94,034</u>
Total assets		<u><u>109,660</u></u>	<u><u>106,829</u></u>
EQUITY			
Equity attributable to owners of the Company			
Share capital		2,700	2,700
Share premium		67,028	67,028
Other reserves		997	997
Retained earnings		25,826	23,903
Total equity		<u><u>96,551</u></u>	<u><u>94,628</u></u>

		As at 30 September 2021 HK\$'000 (unaudited)	As at 31 March 2021 HK\$'000 (audited)
LIABILITIES			
Non-current liabilities			
Lease liabilities		730	647
Deferred income tax liabilities		27	52
		<u>757</u>	<u>699</u>
Current liabilities			
Trade payables	12	1,023	616
Lease liabilities		1,092	1,069
Amounts due to associates		3,057	1,489
Other payables and accruals		2,364	2,459
Contract liabilities		3,904	3,908
Current income tax liabilities		912	1,961
		<u>12,352</u>	<u>11,502</u>
Total liabilities		<u>13,109</u>	<u>12,201</u>
Total equity and liabilities		<u>109,660</u>	<u>106,829</u>

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
FOR THE SIX MONTHS ENDED 30 SEPTEMBER 2021
(Expressed in Hong Kong dollars)

1 GENERAL INFORMATION

Most Kwai Chung Limited (the “Company”) was incorporated in the Cayman Islands on 8 June 2017 as an exempted company with limited liability under the Companies Law of the Cayman Islands. The address of the Company’s registered office is PO Box 309, Ugland House, Grand Cayman, KY1-1104, Cayman Islands. The ordinary shares of the Company are listed on the Main Board of The Stock Exchange of Hong Kong Limited.

The Company is an investment holding company and the Group is principally engaged in the provision of digital media services, print media services and other media services which include events organisation and artistes management.

The ultimate holding company of the Group is Blackpaper Limited (“Blackpaper BVI”), a company incorporated in the British Virgin Islands with limited liability. Prior to 1 August 2021, Blackpaper BVI was owned as one-third by each of Mr. Iu Kar Ho (“Mr. Iu”), Mr. Luk Ka Chun (“Mr. Luk”) and Mr. Tsui Ka Ho. Since 1 August 2021, Blackpaper BVI is owned as 50% by each of Mr. Iu and Mr. Luk.

These condensed consolidated financial statements are presented in Hong Kong dollars (“HK\$”) and all values are rounded to the nearest thousand (“HK\$’000”) except when otherwise indicated.

2 BASIS OF PREPARATION

The condensed consolidated financial statements 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 Appendix 16 of the Rules Governing the Listing of the Securities on The Stock Exchange of Hong Kong Limited.

The preparation of the condensed consolidated financial statements in conformity with HKAS 34 requires management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets and liabilities, income and expense. Actual results may differ from these estimates.

In preparing these condensed consolidated financial statements, the significant judgements made by management in applying the Group’s accounting policies and the key sources of estimation uncertainty were the same as those that applied to the consolidated financial statements for the year ended 31 March 2021.

3 SIGNIFICANT ACCOUNTING POLICIES

The condensed consolidated financial statements have been prepared on the historical cost basis.

Other than changes in accounting policies resulting from application of amendments to Hong Kong Financial Reporting Standards (“HKFRSs”), the accounting policies and methods of computation used in the condensed consolidated financial statements for the six months ended 30 September 2021 are the same as those presented in the Group’s annual consolidated financial statements for the year ended 31 March 2021.

The Group has applied the following amendments for the first time for its annual reporting period commencing 1 April 2021:

Amendment to HKFRS 16
Amendments to HKFRS 9, HKAS 39,
HKFRS 7, HKFRS 4 and HKFRS 16

Covid-19 — Related Rent Concessions
Interest Rate Benchmark Reform — Phase 2

None of the amendments have a material effect on how the Group's results and financial position for the current or prior periods have been prepared or presented in these condensed consolidated financial statements.

The Group has not applied any new standard or interpretations that is not yet effective for the current period.

4 REVENUE AND SEGMENT INFORMATION

Management has determined the operating segments based on the reports reviewed by the chief operating decision-maker ("CODM") that are used for making strategic decisions. The CODM is identified as Executive Directors of the Company. The Executive Directors reviewed the Group's internal reporting in order to assess performance and allocate resources. Management has determined the operating segments based on these reports.

The CODM considers the Group's operation from a business perspective and determines that the Group has three reportable operating segments as follows:

Digital media services

Digital media services represent the provision of one-stop advertising solution packages under which the deliverables to customers are distributed on digital media platforms managed by the Group, third party TV channels, internet and physical advertising spaces, subject to the needs of the customers.

Print media services

Print media services represent sale of publications.

Other media services

Other media services represent advertising income generated from (i) displaying customers' advertisements and promoting their brands in events organised by the Group; (ii) sale of tickets of these events; and (iii) artistes management business, under which the Group's contracted artistes appeared in advertisements produced and events organised by the Group, as well as third party customers.

The CODM assesses the performance of each segment based on a measure of revenue and profit before income tax. The segment information provided to the CODM for the reportable segments is as follows:

Six months ended 30 September 2021				
	Digital media services HK\$'000 (unaudited)	Print media services HK\$'000 (unaudited)	Other media services HK\$'000 (unaudited)	Total HK\$'000 (unaudited)
Revenue	23,648	1,345	24,458	49,451
Inter-segment transactions	(175)	(14)	(1,186)	(1,375)
Revenue from external customers	<u>23,473</u>	<u>1,331</u>	<u>23,272</u>	<u>48,076</u>
Segment (loss)/profit before income tax	(3,013)	(71)	4,121	1,037
Unallocated expenses				(448)
Finance income				20
Share of profit of associates, net				1,851
Share of loss of a joint venture				(176)
Income tax expense				(361)
Profit for the period				<u>1,923</u>
Other information:				
Depreciation of property, plant and equipment	116	259	–	375
Depreciation of right-of-use assets	630	–	–	630
Finance costs related to leases liabilities	48	–	–	48
Six months ended 30 September 2020				
	Digital media services HK\$'000 (unaudited)	Print media services HK\$'000 (unaudited)	Other media services HK\$'000 (unaudited)	Total HK\$'000 (unaudited)
Revenue	21,685	678	12,928	35,291
Inter-segment transactions	–	–	(1,879)	(1,879)
Revenue from external customers	<u>21,685</u>	<u>678</u>	<u>11,049</u>	<u>33,412</u>
Segment profit/(loss) before income tax	4,299	(646)	5,224	8,877
Unallocated expenses				(1,840)
Finance income				282
Share of profit of associates, net				3,929
Income tax expense				(392)
Profit for the period				<u>10,856</u>
Other information:				
Depreciation of property, plant and equipment	185	256	–	441
Depreciation of right-of-use assets	670	–	–	670
Finance costs related to leases liabilities	46	–	–	46

The CODM makes decisions according to operating results of each segment. No analysis of segment assets and segment liabilities is presented as the CODM does not regularly review such information for purposes of resources allocation and performance assessment. Therefore, only segment revenue and segment results are presented.

All of the Group's activities are carried out in Hong Kong and all its assets and liabilities are located in Hong Kong. Accordingly, no analysis by geographical basis is presented for the six-month periods ended 30 September 2021 and 2020.

Disaggregation of revenue by timing of revenue recognition is as follows:

	Six months ended	
	30 September	
	2021	2020
	<i>HK\$'000</i>	<i>HK\$'000</i>
	(unaudited)	(unaudited)
At a point of time:		
Media services income	23,473	21,445
Sales of books	1,331	678
Performance income	23,272	11,049
	<u>48,076</u>	<u>33,172</u>
Over time:		
Media services income	–	240
	<u>48,076</u>	<u>33,412</u>

5 EXPENSES BY NATURE

Expenses included in cost of sales, selling and distribution expenses and administrative expenses are analysed as follows:

	Six months ended	
	30 September	
	2021	2020
	<i>HK\$'000</i>	<i>HK\$'000</i>
	(unaudited)	(unaudited)
Cost of production	28,576	12,323
Cost of inventories	331	193
Inventories written off	–	14
Employee benefit expenses, including Directors' emoluments	15,451	11,322
Depreciation of property, plant and equipment	375	441
Depreciation of right-of-use assets	630	670
Auditor's remuneration	540	425
Professional fees	536	303
Royalties	29	44
Others	983	1,037
	<u>47,451</u>	<u>26,772</u>
Total cost of sales, selling and distribution expenses and administrative expenses	<u>47,451</u>	<u>26,772</u>

6 INCOME TAX EXPENSE

	Six months ended 30 September	
	2021 HK\$'000 (unaudited)	2020 HK\$'000 (unaudited)
Current income tax — Hong Kong	386	418
Deferred income tax	(25)	(26)
Income tax expense	<u>361</u>	<u>392</u>

Hong Kong profits tax is levied at progressive rate at 8.25% (six months ended 30 September 2020: 8.25%) on the estimated assessable profits arising in or derived from Hong Kong for the year below HK\$2,000,000, and thereafter at a fixed rate at 16.5% (six months ended 30 September 2020: 16.5%).

7 EARNINGS PER SHARE

Basic earnings per share is calculated by dividing the profit attributable to owners of the Company by the weighted average number of ordinary shares in issue.

	Six months ended 30 September	
	2021 (unaudited)	2020 (unaudited)
Profit attributable to owners of the Company during the period (HK\$'000)	<u>1,923</u>	<u>10,856</u>
Weighted average number of ordinary shares in issue	<u>270,000,000</u>	<u>270,000,000</u>
Basic earnings per share (Hong Kong cents)	<u>0.71</u>	<u>4.02</u>

The Company did not have any potential dilutive shares throughout the periods, accordingly, diluted earnings per share is same as the basic earnings per share.

8 DIVIDEND

The Board of Directors did not declare the payment of an interim dividend in respect of the six months ended 30 September 2021 (six months ended 30 September 2020: nil).

9 PROPERTY, PLANT AND EQUIPMENT

During the six months ended 30 September 2021, the Group acquired property, plant and equipment of HK\$1,105,000 (six months ended 30 September 2020: HK\$44,000).

10 INTEREST IN A JOINT VENTURE

In June 2021, the Group paid cash of HK\$700,000 for subscription of 700,000 ordinary shares of SLTmr Limited, which represents 35% of the entire issued capital of SLTmr Limited. SLTmr Limited is incorporated in Hong Kong and is principally engaged in the provision of content on recruitment and IT related information on the internet and a digital social media platform.

11 TRADE RECEIVABLES

	As at 30 September 2021 <i>HK\$'000</i> (unaudited)	As at 31 March 2021 <i>HK\$'000</i> (audited)
Trade receivables	8,187	7,483
Less: provision for impairment of trade receivables	<u>(1,134)</u>	<u>(914)</u>
	<u><u>7,053</u></u>	<u><u>6,569</u></u>

The carrying amounts of trade receivables approximated their fair values. The carrying amounts of the trade receivables were denominated in HK\$.

Credit period ranging between 30 to 90 days were granted to the customers. The ageing analysis of trade receivables, based on invoice date, was as follows:

	As at 30 September 2021 <i>HK\$'000</i> (unaudited)	As at 31 March 2021 <i>HK\$'000</i> (audited)
Within 2 months	4,392	3,432
2 to 4 months	1,795	1,885
4 to 6 months	215	1,140
Over 6 months	<u>1,785</u>	<u>1,026</u>
	<u><u>8,187</u></u>	<u><u>7,483</u></u>

The Group applies the simplified approach to provide for expected credit losses prescribed by HKFRS 9 “Financial Instruments”, which permits the use of the lifetime expected loss provision for trade receivables. To measure the expected credit losses, these receivables have been grouped based on shared credit risk characteristics and the ageing from billing.

12 TRADE PAYABLES

	As at 30 September 2021 <i>HK\$'000</i> (unaudited)	As at 31 March 2021 <i>HK\$'000</i> (audited)
Trade payables	<u>1,023</u>	<u>616</u>

The carrying amounts of trade payables approximated their fair values. The carrying amounts of the trade payables were denominated in HK\$.

The ageing analysis of trade payables, based on invoice date, was as follows:

	As at 30 September 2021 HK\$'000 (unaudited)	As at 31 March 2021 HK\$'000 (audited)
Within 1 month	248	342
1 to 2 months	18	183
2 to 3 months	398	84
Over 3 months	359	7
	1,023	616

13 EVENTS AFTER THE REPORTING PERIOD

On 19 November 2021, the Group entered into shareholders' agreements with Hello Bear Limited ("HBL"), a company incorporated in Hong Kong and is owned as to 50% by each of Mr. Liu Chung Man and Ms. Lau Him Tung together, (the "HBL Shareholders"), and HBL Shareholders in forming Mofargo Limited and Bad Limited.

Mofargo Limited will primarily be engaged in the operation of an online platform (www.mofargo.com) for the sale of apparel and related products from brands overseas. Bad Limited will primarily be engaged in the sale of ingenious homemade gift sets comprising a wide range of products on its online channel (www.badltd.com), so as to provide the public with more diverse and interesting gift ideas.

Both Mofargo Limited and Bad Limited are incorporated in Hong Kong and shall be owned as to 60% by the Group and 40% by HBL. The Group is committed to make cash contribution of HK\$2,400,000 towards the share capital of each of Mofargo Limited and Bad Limited.

Pursuant to the terms of the shareholders' agreement for Bad Limited, in the event that the working capital of Bad Limited is insufficient to meet the demands of its normal business operations and additional funding is required, each of the Group and HBL shall use its reasonable endeavours to make available to Bad Limited the shareholders loans in the amount of not exceeding HK\$2,400,000 and HK\$1,600,000, respectively.

On 19 November 2021, the Group entered into a loan agreement with HBL and the HBL Shareholders, pursuant to which the Group has agreed to provide back-to-back loan to HBL in the amount of HK\$1,600,000 at an interest rate of 1.5% per annum for the sole purpose of HBL providing shareholder loan to Bad Limited.

Further details of the abovementioned shareholders' agreements are set out in the Company's announcement dated 19 November 2021.

MANAGEMENT DISCUSSION AND ANALYSIS

BUSINESS REVIEW AND OUTLOOK

The Group provides integrated advertising and media services to customers which can be categorised into (i) digital media services under which the Group provides a one-stop advertising solution package to the customers, with different types of advertisements including video, online banner, newsfeed and advertorial, through various distribution channels including the digital media platforms (which include (a) the respective fan pages of “100 Most” (100毛), “TVMost” (毛記電視) and the Group’s contracted artistes on the third party social media platforms and (b) “TVMost” website and mobile application operated by the Group) (the “Digital Media Platforms”), third parties’ TV channels, Internet, and physical advertising spaces; (ii) print media services which include sales of book publications; and (iii) other media services which include events organisation and artistes management. Under the current circumstances, the Group expects the prospects of the advertising and media industry to remain challenging for the coming year. The Group aims to further promote the brand awareness and strengthen the variety and content of the events organised by the Group in the future.

Digital Media Services

Digital media services represent provision of one-stop advertising solution package under which the deliverables to the customers are distributed on the Digital Media Platforms and other platforms, such as third parties’ TV channels, Internet and physical advertising spaces, subject to the needs of the customers.

Revenue from the digital media services increased from approximately HK\$21.7 million for the six months ended 30 September 2020 to approximately HK\$23.5 million for the Period, representing an increase of approximately 8.3%. Segment loss before income tax was approximately HK\$3.0 million for the Period (six months ended 30 September 2020: segment profit of approximately HK\$4.3 million). During the Period, the segment loss before income tax increase was mainly attributable to (i) the decrease in gross profit margin; and (ii) the subsidy granted to the Group during the six months ended 30 September 2020 under HKSAR Government’s Employment Support Scheme, whereas the Group did not obtain any such subsidy during the Period. However, the Group has continued placing effort in the digital media services segment to capture business opportunities brought by the digitalisation in the market.

Print Media Services

Print media services segment comprises sales of books published by the Group.

Revenue from the print media services was approximately HK\$0.7 million and HK\$1.3 million for the six months ended 30 September 2020 and 2021 respectively. Segment loss before income tax was approximately HK\$0.6 million and HK\$71,000 for the six months ended 30 September 2020 and 2021 respectively.

Other Media Services

Other media services represent events organisation and artistes management.

Revenue from the other media services increased from approximately HK\$11.0 million for the six months ended 30 September 2020 to HK\$23.3 million for the Period. Segment profit before income tax was approximately HK\$5.2 million and HK\$4.1 million for the six months ended 30 September 2020 and 2021 respectively.

FINANCIAL REVIEW

Revenue

Revenue of the Group increased by approximately HK\$14.7 million or 44.0% from approximately HK\$33.4 million for the six months ended 30 September 2020 to approximately HK\$48.1 million for the Period. The increase was mainly attributable to the increase in revenue from other media service segment.

Cost of Sales

The Group's cost of sales comprises direct cost incurred for the provision of digital media services (including staff costs and production costs), print media services (including staff costs, printing costs, cost of inventories, inventories written off, royalties and other production costs) and other media services (including staff costs and other costs incurred during organisation of events). The cost of sales increased to approximately HK\$37.4 million for the Period from approximately HK\$19.3 million for the six months ended 30 September 2020, representing an increase of approximately HK\$18.1 million or 93.8% during the Period, which was primarily attributable to the increases in cost of production and employee benefit expenses.

Gross Profit and Gross Profit Margin

The gross profit of the Group decreased by approximately HK\$3.4 million or 24.1% from approximately HK\$14.1 million for the six months ended 30 September 2020 to approximately HK\$10.7 million for the Period.

The overall gross profit margin of the Group was approximately 42.2% and 22.2% for the six months ended 30 September 2020 and 2021, respectively.

Selling and Distribution Expenses

Selling and distribution expenses mainly consist of staff costs, advertising and promotion expenses and others. Selling and distribution expenses of the Group was approximately HK\$1.9 million and HK\$1.8 million for the six months ended 30 September 2020 and 2021 respectively, representing a decrease by approximately HK\$0.1 million or 5.3%.

Administrative Expenses

Administrative expenses of the Group increased from approximately HK\$5.6 million for the six months ended 30 September 2020 to approximately HK\$8.2 million for the Period.

Finance Costs/Income, net

Finance costs/income, net represented deposit bank interest income received, offset by costs related to leases liabilities. The finance income, net was approximately HK\$0.2 million for the six months ended 30 September 2020 and the finance costs, net was approximately HK\$28,000 for the Period.

Profit before Income Tax

During the six months ended 30 September 2020 and 2021, the profit before income tax was approximately HK\$11.2 million and HK\$2.3 million respectively.

Income Tax Expense

The income tax expense were approximately HK\$0.4 million and HK\$0.4 million for the six months ended 30 September 2020 and 2021 respectively. The effective tax rate for the six months ended 30 September 2020 was approximately 3.5%. For the Period, the Group recorded an effective tax rate of approximately 15.8%.

LIQUIDITY AND FINANCIAL RESOURCES

During the Period, the Group's operation and capital requirements were financed principally through the operating activities. As at 31 March 2021 and 30 September 2021, the Group had net current assets of approximately HK\$82.5 million and HK\$82.3 million, respectively, including bank balances and cash of approximately HK\$84.4 million and HK\$84.7 million respectively. The Group's current ratio (current assets divided by current liabilities) decreased from approximately 8.2 times as at 31 March 2021 to approximately 7.7 times as at 30 September 2021. Such decrease was mainly due to the combined effect of increase in trade receivables offset against the increase in amounts due to associates for the Period. The Group's gearing ratio as at 31 March 2021 and 30 September 2021 was calculated based on the total debt divided by the total equity as at the respective dates and multiplied by 100%. As at 30 September 2021, the Group's gearing ratio was nil (31 March 2021: nil).

TREASURY POLICIES

The Group adopts prudent treasury policies. The Group has monitoring procedures to ensure that follow-up action is taken to recover overdue debts. In addition, management reviews regularly the recoverable amount of each individual trade receivable by taking into account the market conditions, customers' profiles and contractual terms to ensure that adequate provision for impairment is made for irrecoverable amounts. On top of these ongoing credit evaluations, the Board closely monitors the Group's liquidity position to ensure that the liquidity structure of the Group's assets, liabilities and commitments can meet its funding requirements.

CAPITAL STRUCTURE

As at 30 September 2021, the Company had 270,000,000 Shares in issue. There has been no change in the capital structure of the Group since the listing of the shares of the Company on the Main Board of the Stock Exchange (the "Listing"). The share capital of the Company only comprises ordinary shares.

MATERIAL ACQUISITIONS OR DISPOSAL OF SUBSIDIARIES, ASSOCIATES OR JOINT VENTURES

The Group did not make any material acquisitions or disposal of subsidiaries, associates or joint ventures during the Period.

SIGNIFICANT INVESTMENTS

During the Period, the Group did not hold any significant investments.

FUTURE PLANS FOR MATERIAL INVESTMENTS AND CAPITAL ASSETS

The Group has established a footing in the integrated advertising and media services for more than 10 years. To further enhance the business growth of the Group, the Group has plans to diversify its operations and income stream by expanding into the online shopping business. Please refer to the section headed “Significant Events after the Reporting Period” in this announcement for further details.

Save as those disclosed herein and under the section headed “Business — Business Strategies” in the prospectus of the Company dated 16 March 2018 (the “Prospectus”) and the section headed “Comparison of Business Strategies with Actual Business Progress” in this announcement, the Group currently has no other plan for material investments and capital assets.

CONTINGENT LIABILITIES

The Group did not have material contingent liabilities as at 31 March 2021 and 30 September 2021.

FOREIGN EXCHANGE EXPOSURE

The Group operates in Hong Kong and all of the Group’s transactions and cash and cash equivalents are denominated in Hong Kong dollars. The Directors consider that the Group is not subject to foreign exchange risk. Currently, the Group does not have foreign currency hedging policy, but the Group’s management continuously monitors foreign exchange exposure.

PLEDGE OF ASSETS

As at 31 March 2021 and 30 September 2021, none of the Group’s assets were pledged.

EMPLOYEES AND REMUNERATION POLICIES

The total number of full-time employees were 99 and 99 as at 31 March 2021 and 30 September 2021, respectively. The Group’s employee benefit expenses mainly included salaries, discretionary bonuses, commission, medical insurance coverage, other staff benefits and contributions to retirement schemes. For the six months ended 30 September 2020 and 2021, the Group’s total employee benefit expenses (including Directors’ emoluments) amounted to approximately HK\$11.3 million and HK\$15.5 million, respectively.

Remuneration is determined generally with reference to the qualification, experience and work performance of the relevant employee, whereas the payment of discretionary bonus is generally subject to work performance of the relevant employee, the financial performance of the Group in that particular year and general market conditions.

COMPARISON OF BUSINESS STRATEGIES WITH ACTUAL BUSINESS PROGRESS

The following sets out a comparison of the business strategies as stated in the Prospectus with the Group's actual business progress for the Period and up to the date of this announcement.

Business strategies as stated in the Prospectus	Actual business progress up to the date of this announcement
Pursue growth through mergers and acquisitions and/or strategic alliance	Identifying potential acquisition targets which are engaged in, among others, video productions, event marketing, digital advertising and media related services and/or technology development.
Expand the customer base and business operations through sales and marketing efforts	<p>Hired additional sales executives to support the business growth in digital media services segment.</p> <p>Recruited marketing staff to assist in conducting pitching activities to build up and strengthen relationship with a broader customer base.</p> <p>The Company focused on events organisation during the Period. Although new sales executives and marketing staff were hired, it is expected that more new sales executives and marketing staff will be hired for the growth of our digital media services.</p>
Upgrade IT infrastructure and procure equipment with advanced technologies to facilitate production efficiency	Upgraded the internal IT system of the Group and procured new production equipment with advanced technologies. Upgrading of the TVMost website and mobile application will be fine-tuning due to rapid change of social media trends. As a result, services provider for upgrading the website and mobile application is under selection.
Strengthen the efforts in events organisation to further extend the Group's marketing channels	Held seven events in total in form of live performance since 28 March 2018 ("the Listing Date").

INTERIM DIVIDEND

The Board has resolved not to declare any interim dividend for the Period (Six months ended 30 September 2020: nil).

RESIGNATION OF AN EXECUTIVE DIRECTOR

Mr. Tsui Ka Ho (“Mr. Tsui”) has tendered his resignation to the Board from his position as an executive Director with effect from 1 August 2021 in order to devote more time for his personal commitments. Following his resignation, Mr. Tsui also ceased to retain any role in any Group company with effect from 1 August 2021.

SIGNIFICANT EVENTS AFTER THE REPORTING PERIOD

On 19 November 2021, Most Company B Limited (“MCBL”), an indirect wholly-owned subsidiary of the Company and Hello Bear Limited (“HBL”), a connected person at the subsidiary level, formed two joint venture companies (the “JV Companies”), namely Mofargo Limited (“Mofargo”) and Bad Limited (“Bad Ltd.”). MCBL, HBL and the shareholders of HBL, namely Mr. Liu Chung Man and Ms. Lau Him Tung entered into (i) a shareholders’ agreement in relation to the formation of Mofargo which will primarily engage in the operation of an online platform (www.mofargo.com) for the sale of apparel and related products from brands overseas; and (ii) a shareholders’ agreement (the “Shareholders’ Agreement”) in relation to the formation of Bad Ltd. which will primarily engage in the sale of ingenious homemade gift sets comprising a wide range of products on its online channel (www.badltd.com). Each of the JV Companies was held as to 60% by MCBL.

On 19 November 2021, Blackpaper Limited (“Blackpaper HK”), a company incorporated in Hong Kong and an indirect wholly-owned subsidiary of the Company, entered into a loan agreement with HBL and the HBL Shareholders in respect of the provision of an interest-bearing loan in the amount of HK\$1,600,000 to be made available by Blackpaper HK to HBL for the sole purpose of HBL providing a shareholder loan in the amount of HK\$1,600,000 to Bad Ltd.

For further details of the formation of the JV Companies and the provision of financial assistance to HBL, please refer to the announcement of the Company dated 19 November 2021.

Save as disclosed herein, there are no significant events affecting the Group after the Period and up to the date of this announcement.

PURCHASE, SALE OR REDEMPTION OF LISTED SECURITIES OF THE COMPANY

During the Period, neither the Company nor any of its subsidiaries purchased, sold or redeemed any of the Company’s listed securities.

COMPETING INTERESTS

During the Period and up to the date of this announcement, none of the Directors or the Controlling Shareholders or substantial shareholders (as defined in the Listing Rules) of the Company or their respective close associates (as defined in the Listing Rules) were considered to have any interests in a business which competed or was likely to compete, either directly or indirectly, with the business of the Group and/or caused, or was likely to cause any other conflicts of interest with the Group.

NON-COMPETITION UNDERTAKING

A deed of non-competition was entered into by Blackpaper BVI, Mr. Iu, Mr. Luk and Mr. Tsui in favour of the Company, details of which were set out in the Prospectus. With effect from 1 August 2021, by reason that Mr. Tsui, together with his close associates (as defined in the Listing Rules), whether individually or taken together, ceased to be interested in 30% of the entire issued share capital of the Company, he was not bound by the undertakings in the deed of non-competition.

CODE ON CORPORATE GOVERNANCE PRACTICES

The Company has adopted and complied with code provisions (the “Code Provisions”) as set out under the Corporate Governance Code (the “CG Code”) contained in Appendix 14 to the Listing Rules. During the Period, the Company has complied with all Code Provisions of the CG Code.

MODEL CODE FOR SECURITIES TRANSACTIONS

The Company has adopted the Model Code for Securities Transactions by Directors of Listed Issuers (the “Model Code”) as set out in Appendix 10 of the Listing Rules as a code of conduct of the Company for Directors’ securities transactions. The Company has made specific enquiry of all Directors and the relevant employees regarding any non-compliance with the Model Code during the Period and they have all confirmed that they had fully complied with the required standard set out in the Model Code.

AUDIT COMMITTEE

The Company has set up an Audit Committee on 2 March 2018 with written terms of reference in compliance with Rule 3.21 of the Listing Rules and paragraph C3 of the CG Code. The Audit Committee consists of Mr. Ho Kwong Yu, Mr. Leung Ting Yuk and Mr. Leung Wai Man. Mr. Ho Kwong Yu is the chairman of the Audit Committee.

The Group’s condensed consolidated financial statements for the Period have not been audited by the auditor of the Company. The Audit Committee has reviewed the Group’s unaudited condensed consolidated financial statements for the Period.

**PUBLICATION OF INFORMATION ON THE WEBSITES OF HONG KONG EXCHANGES
AND CLEARING LIMITED AND THE COMPANY**

The results announcement is published on the website of the Stock Exchange at www.hkexnews.hk and the Company's website at www.mostkwaichung.com. The interim report of the Company will be dispatched to the shareholders of the Company and published on the above websites in due course.

By order of the Board of
Most Kwai Chung Limited
Iu Kar Ho
Chairman and Executive Director

Hong Kong, 29 November 2021

As at the date of this announcement, the Board comprises Mr. Iu Kar Ho (Chairman) and Mr. Luk Ka Chun as executive Directors, and Mr. Leung Wai Man, Mr. Ho Kwong Yu and Mr. Leung Ting Yuk as independent non-executive Directors.