



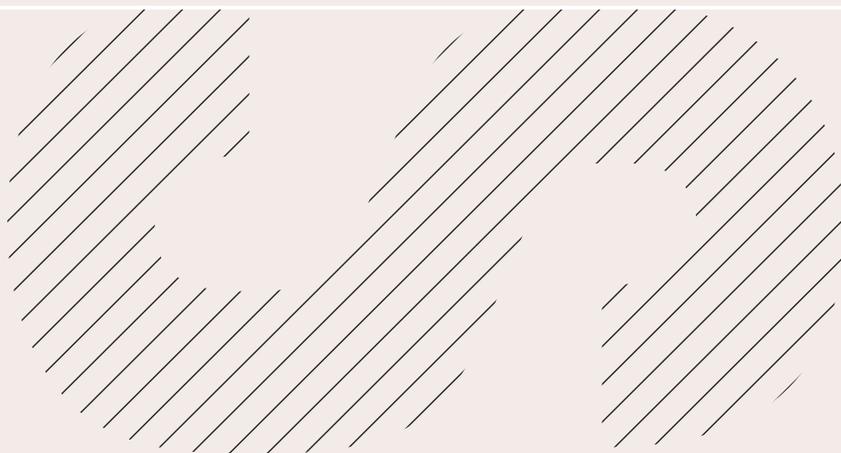
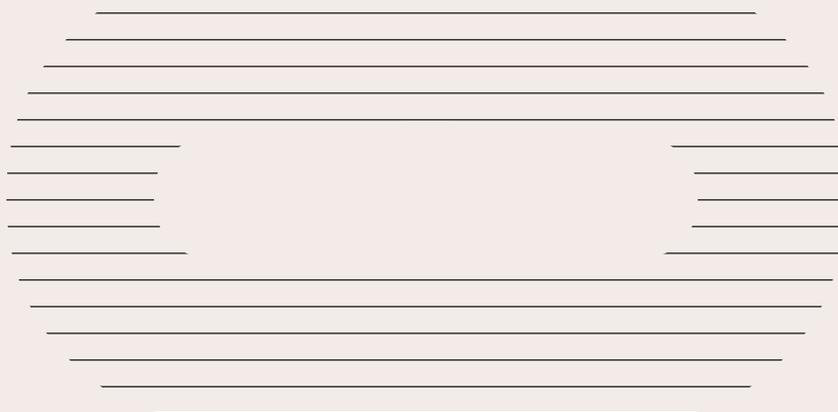
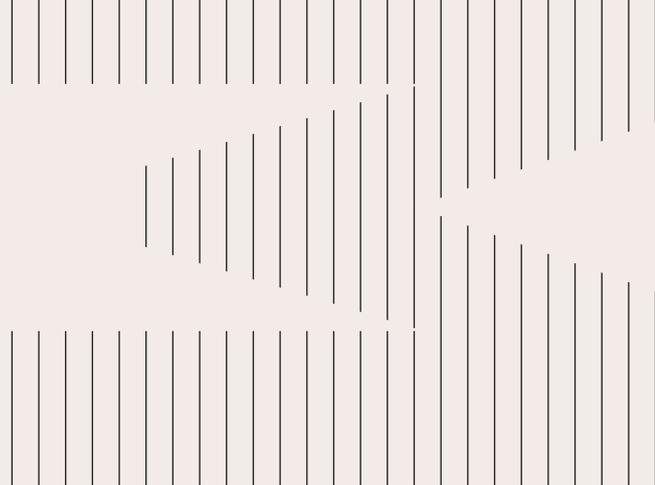
Most Kwai Chung Limited

毛記葵涌有限公司

(Incorporated in the Cayman Islands with limited liability)

(於開曼群島註冊成立的有限公司)

Stock Code 股份代號: 1716



2021/22

INTERIM REPORT 中期報告

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INDEPENDENT REVIEW REPORT



Independent review report to the board of directors of Most Kwai Chung Limited

毛記葵涌有限公司

(Incorporated in the Cayman Islands with limited liability)

INTRODUCTION

We have reviewed the condensed consolidated financial statements set out on pages 4 to 17 which comprise the condensed consolidated statement of financial position of Most Kwai Chung Limited (the “Company”) and its subsidiaries (collectively referred to as the “Group”) as at 30 September 2021 and the related condensed consolidated statement of profit or loss and other comprehensive income, condensed consolidated statement of changes in equity and condensed consolidated statement of cash flows for the six-month period then ended and other explanatory notes. The Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited require the preparation of a report on interim financial information to be in compliance with the relevant provisions thereof and Hong Kong Accounting Standard 34 “Interim Financial Reporting” (“HKAS 34”) issued by the Hong Kong Institute of Certified Public Accountants. The directors of the Company are responsible for the preparation and presentation of these condensed consolidated financial statements in accordance with HKAS 34.

Our responsibility is to express a conclusion on these condensed consolidated financial statements based on our review, and to report our conclusion solely to you, as a body, in accordance with our agreed terms of engagement, and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the contents of this report.

SCOPE OF REVIEW

We conducted our review in accordance with Hong Kong Standard on Review Engagements 2410 “Review of Interim Financial Information Performed by the Independent Auditor of the Entity” (“HKSRE 2410”) issued by the Hong Kong Institute of Certified Public Accountants. A review of these condensed consolidated financial statements consists of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Hong Kong Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

CONCLUSION

Based on our review, nothing has come to our attention that causes us to believe that the condensed consolidated financial statements are not prepared, in all material respects, in accordance with HKAS 34.

INDEPENDENT REVIEW REPORT

OTHER MATTER

The comparative condensed consolidated statement of profit or loss and other comprehensive income, condensed consolidated statement of changes in equity and condensed consolidated statement of cash flows for the six-month period ended 30 September 2020 and the relevant explanatory notes included in these condensed consolidated financial statements were extracted from the Group's interim financial information for the six-month period ended 30 September 2020 and have not been reviewed in accordance with HKSRE 2410.

The comparative condensed consolidated statement of financial position as at 31 March 2021 and the relevant explanatory notes included in these condensed consolidated financial statements were extracted from the Group's consolidated financial statements for the year ended 31 March 2021 audited by another independent auditor who expressed an unmodified opinion on those consolidated financial statements on 28 June 2021.

Baker Tilly Hong Kong Limited

Certified Public Accountants

Hong Kong, 29 November 2021

Chan Kwan Ho, Edmond

Practising certificate number P02092

CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

FOR THE SIX MONTHS ENDED 30 SEPTEMBER 2021

(Expressed in Hong Kong dollars)

	Note	Six months ended 30 September	
		2021 HK\$'000 (unaudited)	2020 HK\$'000 (unaudited)
Revenue	4	48,076	33,412
Cost of sales	5	(37,420)	(19,271)
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
Operating profit		637	7,083
Finance income		20	282
Finance costs		(48)	(46)
Finance (costs)/income, net		(28)	236
Share of profit of associates, net		1,851	3,929
Share of loss of a joint venture		(176)	–
Profit before income tax		2,284	11,248
Income tax expense	6	(361)	(392)
Profit and total comprehensive income attributable to owners of the Company for the period		1,923	10,856
Basic and diluted earnings per share for profit attributable to owners of the Company (Hong Kong cents)	7	0.71	4.02

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	–
		14,960	12,795
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
		94,700	94,034
Total assets		109,660	106,829
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		96,551	94,628

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)
LIABILITIES			
Non-current liabilities			
Lease liabilities		730	647
Deferred income tax liabilities		27	52
		757	699
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
		12,352	11,502
Total liabilities		13,109	12,201
Total equity and liabilities		109,660	106,829

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

FOR THE SIX MONTHS ENDED 30 SEPTEMBER 2021

(Expressed in Hong Kong dollars)

	Attributable to owners of the Company				
	Share capital HK\$'000	Share premium HK\$'000	Other reserves HK\$'000	Retained earnings HK\$'000	Total equity HK\$'000
(Unaudited)					
Balance as at 1 April 2020	2,700	67,028	997	27,520	98,245
Profit for the period	–	–	–	10,856	10,856
Total comprehensive income for the period	–	–	–	10,856	10,856
Balance as at 30 September 2020	2,700	67,028	997	38,376	109,101
(Unaudited)					
Balance as at 1 April 2021	2,700	67,028	997	23,903	94,628
Profit for the period	–	–	–	1,923	1,923
Total comprehensive income for the period	–	–	–	1,923	1,923
Balance as at 30 September 2021	2,700	67,028	997	25,826	96,551

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

FOR THE SIX MONTHS ENDED 30 SEPTEMBER 2021

(Expressed in Hong Kong dollars)

	Six months ended 30 September	
	2021 HK\$'000 (unaudited)	2020 HK\$'000 (unaudited)
Cash flows from operating activities		
Cash generated from operations	3,028	11,670
Income tax (paid)/refunded	(1,318)	3,027
Net cash generated from operating activities	1,710	14,697
Cash flows from investing activities		
Interest received	20	282
Payment for investment in a joint venture	(700)	–
Dividends received	1,110	2,210
Purchase of property, plant and equipment	(1,105)	(44)
Net cash (used in)/generated from investing activities	(675)	2,448
Cash flows from financing activities		
Principal element of lease payments	(628)	(663)
Interest element of lease payments	(48)	(46)
Net cash used in financing activities	(676)	(709)
Net increase in cash and cash equivalents	359	16,436
Cash and cash equivalents at beginning of the period	84,356	80,807
Cash and cash equivalents at end of the period	84,715	97,243

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. Lu Kar Ho (“Mr. Lu”), 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. Lu 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.

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

FOR THE SIX MONTHS ENDED 30 SEPTEMBER 2021

(Expressed in Hong Kong dollars)

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	Covid-19 — Related Rent Concessions
Amendments to HKFRS 9, HKAS 39, HKFRS 7, HKFRS 4 and HKFRS 16	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.

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

FOR THE SIX MONTHS ENDED 30 SEPTEMBER 2021
(Expressed in Hong Kong dollars)

4 REVENUE AND SEGMENT INFORMATION *(Continued)*

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	23,473	1,331	23,272	48,076
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				1,923
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

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

FOR THE SIX MONTHS ENDED 30 SEPTEMBER 2021

(Expressed in Hong Kong dollars)

4 REVENUE AND SEGMENT INFORMATION (Continued)

	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	21,685	678	11,049	33,412
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				10,856
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.

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

FOR THE SIX MONTHS ENDED 30 SEPTEMBER 2021
(Expressed in Hong Kong dollars)

4 REVENUE AND SEGMENT INFORMATION *(Continued)*

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

	Six months ended 30 September	
	2021 HK\$'000 (unaudited)	2020 HK\$'000 (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
	48,076	33,172
Over time:		
Media services income	–	240
	48,076	33,412

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 HK\$'000 (unaudited)	2020 HK\$'000 (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
Total cost of sales, selling and distribution expenses and administrative expenses	47,451	26,772

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

FOR THE SIX MONTHS ENDED 30 SEPTEMBER 2021

(Expressed in Hong Kong dollars)

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	361	392

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)	1,923	10,856
Weighted average number of ordinary shares in issue	270,000,000	270,000,000
Basic earnings per share (Hong Kong cents)	0.71	4.02

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).

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

FOR THE SIX MONTHS ENDED 30 SEPTEMBER 2021
(Expressed in Hong Kong dollars)

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

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 HK\$'000 (unaudited)	As at 31 March 2021 HK\$'000 (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	1,785	1,026
	8,187	7,483

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.

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

FOR THE SIX MONTHS ENDED 30 SEPTEMBER 2021

(Expressed in Hong Kong dollars)

12 TRADE PAYABLES

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

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 RELATED PARTY TRANSACTIONS

The Group has the following significant transactions with related parties during the period:

- (a) The emoluments of directors and other members of key management were HK\$3,353,000 (six months ended 30 September 2020: HK\$3,667,000).
- (b) At 30 September 2021, amounts due to associates were HK\$3,057,000 (31 March 2021: HK\$1,489,000). The balances were non-trade in nature, unsecured, interest-free and repayable on demand.

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

FOR THE SIX MONTHS ENDED 30 SEPTEMBER 2021
(Expressed in Hong Kong dollars)

14 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 six months ended 30 September 2021 (“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.

MANAGEMENT DISCUSSION AND ANALYSIS

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%.

MANAGEMENT DISCUSSION AND ANALYSIS

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 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.

MANAGEMENT DISCUSSION AND ANALYSIS

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 interim report 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 interim report, 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.

MANAGEMENT DISCUSSION AND ANALYSIS

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 interim report.

Business strategies as stated in the Prospectus	Actual business progress up to the date of this interim report
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").

MANAGEMENT DISCUSSION AND ANALYSIS

USE OF PROCEEDS

The Shares have been successfully listed on the Main Board of the Stock Exchange on the Listing Date. The actual net proceeds from the Listing, after deducting commission and expenses in connection with the Listing, were approximately HK\$53.5 million (the “Actual Net Proceeds”). On 17 March 2021, the Board resolved to change the use and allocation of the unutilised Actual Net Proceeds (“Change in Allocation of Proceeds”) due to, among others, (i) the impact of the outbreak of the coronavirus disease 2019; (ii) the reduction in demand for advertising services in Hong Kong; and (iii) the positive response the Group received from audience from live performance. For further details of the Change in Allocation of Proceeds and the reasons and benefits of such change, please refer to the announcement of the Company dated 17 March 2021. The table below sets out a revised allocation and the actual use of the Actual Net Proceeds up to 30 September 2021.

Use of Actual Net Proceeds	Original allocation of Actual Net Proceeds (as per the 2021 Annual Report) HK\$ million	Revised allocation of Actual Net Proceeds after Change in Allocation of Proceeds HK\$ million	Actual use of the Actual Net Proceeds from Listing Date to 30 September 2021 HK\$ million	Unutilised proceeds as at 30 September 2021 HK\$ million	Expected timeline for the application of the unutilised proceeds
Pursue growth through mergers and acquisitions and/or strategic alliance	15.19	5.35	–	5.35	By 31 March 2023
Expand the customer base and business operations through sales and marketing efforts	11.72	10.70	9.68	1.02	By 31 March 2023
Upgrade IT infrastructure and procure equipment with advanced technologies to facilitate production efficiency	11.13	2.68	1.79	0.89	By 31 March 2023
Strengthen the efforts in events organisation to further extend the Group’s marketing channels	10.11	16.05	16.05	–	By 31 March 2023
As working capital and for general corporate purposes	5.35	18.72	9.02	9.70	By 31 March 2023
Total	53.50	53.50	36.54	16.96	

As at 30 September 2021, all unutilised proceeds of approximately HK\$17.0 million have been deposited into banks in Hong Kong. The Group intends to apply the unutilised proceeds as shown above and expects to fully utilise such amount by 31 March 2023.

MANAGEMENT DISCUSSION AND ANALYSIS

As for the pursuit of growth through mergers and acquisitions and/or strategic alliance, during the period since the Listing Date and up to 30 September 2021, the Group entered into preliminary discussions with, among others, a company principally engaged in movie production and a digital advertising and media company in respect of the potential acquisition of shares of such companies. As of the date of this interim report, all of such discussions were terminated and no formal agreement was entered into in this regard. Subsequent to 30 September 2021 and up to the date of this interim report, the Group was still in the process of identifying potential acquisition targets which are engaged in, among others, video productions, event marketing, digital advertising and media related services and/or technology development.

As for the expansion of the customer base and business operations through sales and marketing efforts, since the Group had been focusing on events organisation since the Listing Date and up to 30 September 2021, less emphasis had been placed on conducting marketing activities and campaigns, and the number of sales executives and marketing staff hired by the Group during the Period was fewer than expected.

As for the upgrade of IT infrastructure and procurement of equipment with advanced technologies to facilitate production efficiency, the Company was still in discussion with various service providers in upgrading the TVMost website and mobile application as at the date of this interim report due to the rapid change in social media trends.

INTERIM DIVIDEND

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

OTHER INFORMATION

DIRECTORS' AND CHIEF EXECUTIVES' INTERESTS AND SHORT POSITIONS IN THE SHARES, UNDERLYING SHARES AND DEBENTURES OF THE COMPANY OR ANY SPECIFIED UNDERTAKING OF THE COMPANY OR ANY OTHER ASSOCIATED CORPORATIONS

As at 30 September 2021, the interests and short positions of the Directors and the chief executives of the Company in the Shares, underlying Shares or debentures of the Company or its associated corporations (within the meaning of Part XV of the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong) ("the SFO") (i) 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 were taken or deemed to have under such provisions of the SFO); or (ii) which were required, pursuant to Section 352 of the SFO, to be entered in the register referred to therein; or (iii) which were required to be notified to the Company and the Stock Exchange pursuant to the Model Code contained in Appendix 10 of the Listing Rules, were as follows:

Name of Directors	Nature of interest	Number of Shares held <i>(Note 1 and 2)</i>	Percentage of shareholding in the Company's issued share capital
Mr. Iu Kar Ho ("Mr. Iu")	Interest in a controlled corporation	182,250,000 (L) <i>(Note 3)</i>	67.5%
		6,750,000 (S)	2.5%
Mr. Luk Ka Chun ("Mr. Luk")	Interest in a controlled corporation	182,250,000 (L) <i>(Note 3)</i>	67.5%
		6,750,000 (S)	2.5%

Notes:

(1) The letter "L" denotes a long position in the Shares.

(2) The letter "S" denotes a short position in the Shares.

(3) These shares are held by Blackpaper Limited ("Blackpaper BVI"). Blackpaper BVI is legally and beneficially owned equally amongst Mr. Iu and Mr. Luk. Each of Mr. Iu and Mr. Luk is deemed to be interested in the 182,250,000 Shares held by Blackpaper BVI under the SFO.

Save as disclosed above, as at 30 September 2021, none of the Directors nor chief executive of the Company has registered any interests and short positions in the Shares, underlying Shares or debentures of the Company or any of its associated corporations (within the meaning of Part XV of the SFO) (i) 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 and short positions which were taken or deemed to have under such provisions of the SFO); or (ii) which were required, pursuant to Section 352 of the SFO, to be entered in the register referred to therein; or (iii) which were required to be notified to the Company and the Stock Exchange pursuant to the Model Code.

OTHER INFORMATION

INTERESTS AND SHORT POSITIONS OF THE SUBSTANTIAL SHAREHOLDERS OF THE COMPANY AND OTHER PERSONS IN THE SHARES, UNDERLYING SHARES AND DEBENTURES OF THE COMPANY OR ANY SPECIFIED UNDERTAKING OF THE COMPANY OR ANY OTHER ASSOCIATED CORPORATIONS

So far as the Directors are aware, as at 30 September 2021, the following persons (not being Directors or chief executive of the Company) have or are deemed or taken to have an interest or short position in the Shares or the underlying Shares 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 which would be recorded in the register required to be kept under Section 336 of the SFO:

Name of shareholders	Nature of interests	Number of Shares held <i>(Note 1)</i>	Percentage of shareholding in the Company's issued share capital
Blackpaper Limited ("Blackpaper BVI")	Beneficial owner	182,250,000 (L) <i>(Note 2)</i>	67.5%

Notes:

- (1) The letter "L" denotes a long position in the Shares.
- (2) Blackpaper BVI is legally and beneficially owned equally amongst Mr. lu and Mr. Luk. Each of Mr. lu and Mr. Luk is deemed to be interested in the 182,250,000 Shares held by Blackpaper BVI under the SFO.

Save as disclosed above, as at 30 September 2021, the Directors were not aware of any other persons who had any interests or short positions in the Shares or underlying Shares 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 which would be recorded in the register required to be kept under Section 336 of the SFO, and/or who are directly or indirectly 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.

OTHER INFORMATION

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.

SHARE OPTION SCHEME

The Company’s share option scheme (the “Share Option Scheme”) was adopted by the Company on 2 March 2018. The terms of the Share Option Scheme are in accordance with the provisions of Chapter 17 of the Listing Rules.

No share options were granted since the adoption of the Share Option Scheme. During the Period, no share options under the Share Option Scheme were granted, exercised, lapsed or cancelled and there are no outstanding share options at the end of the Period.

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 interim report.

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 interim report, 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.

OTHER INFORMATION

NON-COMPETITION UNDERTAKING

A deed of non-competition was entered into by Blackpaper BVI, Mr. Lu, 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.

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 interim report, 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.

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