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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 2022**

FINANCIAL HIGHLIGHTS

	Six months ended 30 September	
	2022	2021
Revenue	HK\$23.0 million	HK\$48.1 million
Gross profit	HK\$3.9 million	HK\$10.7 million
Net (loss)/profit	(HK\$4.8 million)	HK\$1.9 million
Basic (loss)/earnings per share	(HK1.77 cents)	HK0.71 cents

RESULTS

The board (the “Board”) of directors (the “Directors”) of Most Kwai Chung Limited (the “Company”) presents the condensed consolidated unaudited results of the Company and its subsidiaries (collectively as the “Group”) for the six months ended 30 September 2022 (the “Period”), together with the comparative figures for the six months ended 30 September 2021, as follows:

CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

FOR THE SIX MONTHS ENDED 30 SEPTEMBER 2022

(Expressed in Hong Kong dollars)

		Six months ended	
		30 September	
		2022	2021
	<i>Note</i>	<i>HK\$'000</i>	<i>HK\$'000</i>
		(unaudited)	(unaudited)
Revenue	4	22,985	48,076
Cost of sales	5	<u>(19,130)</u>	<u>(37,420)</u>
Gross profit		3,855	10,656
Other income		239	232
Selling and distribution expenses	5	(1,581)	(1,832)
Administrative expenses	5	(7,957)	(8,199)
Provision for impairment losses on trade receivables, net	9	<u>(838)</u>	<u>(220)</u>
Operating (loss)/profit		(6,282)	637
Finance income		5	20
Finance costs		<u>(34)</u>	<u>(48)</u>
Finance costs, net		(29)	(28)
Share of profit of associates, net		1,332	1,851
Share of profit/(loss) of a joint venture		<u>238</u>	<u>(176)</u>
(Loss)/profit before income tax		(4,741)	2,284
Income tax expense	6	<u>(45)</u>	<u>(361)</u>
(Loss)/profit and total comprehensive (loss)/income attributable to owners of the Company for the period		<u>(4,786)</u>	<u>1,923</u>
Basic and diluted (loss)/earnings per share for (loss)/profit attributable to owners of the Company (Hong Kong cents)	7	<u>(1.77)</u>	<u>0.71</u>

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION*AS AT 30 SEPTEMBER 2022**(Expressed in Hong Kong dollars)*

	As at 30 September 2022	As at 31 March 2022
<i>Note</i>	HK\$'000	HK\$'000
	(unaudited)	(audited)
ASSETS		
Non-current assets		
Property, plant and equipment	1,375	1,562
Right-of-use assets	1,982	1,255
Deposits	151	151
Interests in associates	9,631	8,299
Interest in a joint venture	559	321
	13,698	11,588
Current assets		
Inventories	547	1,290
Trade receivables	8,935	6,673
Prepayments, deposits and other receivables	2,850	1,758
Amount due from non-controlling interest	1,600	1,600
Current income tax recoverable	981	981
Cash and cash equivalents	54,603	64,307
	69,516	76,609
Total assets	83,214	88,197

	<i>Note</i>	As at 30 September 2022 HK\$'000 (unaudited)	As at 31 March 2022 HK\$'000 (audited)
EQUITY			
Capital and reserves			
Share capital		2,700	2,700
Reserves		<u>68,949</u>	<u>73,376</u>
Equity attributable to owners of the Company		71,649	76,076
Non-controlling interests		<u>641</u>	<u>1,000</u>
Total equity		<u>72,290</u>	<u>77,076</u>
LIABILITIES			
Non-current liabilities			
Lease liabilities		<u>1,008</u>	455
		<u>1,008</u>	<u>455</u>
Current liabilities			
Trade payables	<i>10</i>	1,405	723
Lease liabilities		1,004	733
Amounts due to associates		1,489	1,489
Other payables and accruals		2,892	4,514
Contract liabilities		2,827	2,953
Current income tax liabilities		<u>299</u>	<u>254</u>
		<u>9,916</u>	<u>10,666</u>
Total liabilities		<u>10,924</u>	<u>11,121</u>
Total equity and liabilities		<u>83,214</u>	<u>88,197</u>

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
FOR THE SIX MONTHS ENDED 30 SEPTEMBER 2022
(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, Uglan House, Grand Cayman, KY1-1104, Cayman Islands and has its principal place of business at Unit 8, 16/F., Bock B, Tung Chun Industrial Building, 11-13 Tai Yuen Street, Kwai Chung, New Territories, Hong Kong. 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. Blackpaper BVI is owned as to 50% by each of Mr. Iu Kar Ho (“Mr. Iu”) and Mr. Luk Ka Chun (“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 2022.

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 2022 are the same as those presented in the Group’s annual consolidated financial statements for the year ended 31 March 2022.

The Group has applied the following amendments for the first time for its annual reporting period commencing 1 April 2022:

Amendments to HKFRS 3, Reference to the Conceptual Framework
Amendments to HKAS 16, Property, Plant and Equipment: Proceeds before Intended Use
Amendments to HKAS 37, Onerous Contracts — Cost of Fulfilling a Contract
Annual Improvements to HKFRSs 2018–2020

None of these 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 accounting 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 media management services and one-stop advertising solution packages under which the deliverables to customers are distributed on digital media platforms managed by the Group, third parties' TV channels, Internet and physical advertising spaces, subject to the needs of the customers.

Print media services

Print media services represent sale of books published by the Group.

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 2022			
	Digital media services <i>HK\$'000</i> (unaudited)	Print media services <i>HK\$'000</i> (unaudited)	Other media services <i>HK\$'000</i> (unaudited)	Total <i>HK\$'000</i> (unaudited)
Revenue	21,994	996	1,509	24,499
Inter-segment transactions	(35)	–	(1,479)	(1,514)
Revenue from external customers	<u>21,959</u>	<u>996</u>	<u>30</u>	<u>22,985</u>
Segment loss before income tax	(2,909)	(2,016)	(727)	(5,652)
Unallocated expenses				(664)
Finance income				5
Share of profit of associates, net				1,332
Share of profit of a joint venture				238
Income tax expense				(45)
Loss for the period				<u>(4,786)</u>
Other information:				
Depreciation of property, plant and equipment	90	324	–	414
Depreciation of right-of-use assets	669	–	–	669
Finance costs related to leases liabilities	<u>34</u>	<u>–</u>	<u>–</u>	<u>34</u>
	Six months ended 30 September 2021			
	Digital media services <i>HK\$'000</i> (unaudited)	Print media services <i>HK\$'000</i> (unaudited)	Other media services <i>HK\$'000</i> (unaudited)	Total <i>HK\$'000</i> (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	<u>48</u>	<u>–</u>	<u>–</u>	<u>48</u>

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 2022 and 2021.

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

	Six months ended	
	30 September	
	2022	2021
	HK\$'000	HK\$'000
	(unaudited)	(unaudited)
At a point of time:		
Media services income	20,414	23,473
Sales of books	996	1,331
Performance income	30	23,272
	<u>21,440</u>	<u>48,076</u>
Over time:		
Media services income	<u>1,545</u>	–
	<u>22,985</u>	<u>48,076</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	
	2022	2021
	HK\$'000	HK\$'000
	(unaudited)	(unaudited)
Cost of production	12,626	28,576
Cost of inventories	527	331
Inventories written off	809	–
Employee benefit expenses, including Directors' emoluments	11,284	15,451
Depreciation of property, plant and equipment	414	375
Depreciation of right-of-use assets	669	630
Auditor's remuneration	390	540
Professional fees	679	536
Royalties	92	29
Others	1,178	983
	<u>1,178</u>	<u>983</u>
Total cost of sales, selling and distribution expenses and administrative expenses	<u>28,668</u>	<u>47,451</u>

6 INCOME TAX EXPENSE

	Six months ended 30 September	
	2022 HK\$'000 (unaudited)	2021 HK\$'000 (unaudited)
Current income tax — Hong Kong	45	386
Deferred income tax	—	(25)
Income tax expense	<u>45</u>	<u>361</u>

Hong Kong profits tax is levied at progressive rate at 8.25% (six months ended 30 September 2021: 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 2021: 16.5%).

7 (LOSS)/EARNINGS PER SHARE

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

	Six months ended 30 September	
	2022 (unaudited)	2021 (unaudited)
(Loss)/profit attributable to owners of the Company during the period (HK\$'000)	<u>(4,786)</u>	<u>1,923</u>
Weighted average number of ordinary shares in issue	<u>270,000,000</u>	<u>270,000,000</u>
Basic (loss)/earnings per share (Hong Kong cents)	<u>(1.77)</u>	<u>0.71</u>

The Company did not have any potential dilutive shares throughout the periods, and accordingly, diluted (loss)/earnings per share is same as the basic (loss)/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 2022 (six months ended 30 September 2021: nil).

9 TRADE RECEIVABLES

	As at 30 September 2022 HK\$'000 (unaudited)	As at 31 March 2022 HK\$'000 (audited)
Trade receivables	10,633	7,533
Less: provision for impairment of trade receivables	(1,698)	(860)
	<u>8,935</u>	<u>6,673</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 2022 HK\$'000 (unaudited)	As at 31 March 2022 HK\$'000 (audited)
Within 2 months	6,373	3,578
2 to 4 months	1,238	894
4 to 6 months	845	678
Over 6 months	2,177	2,383
	<u>10,633</u>	<u>7,533</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 derived based on days past due.

10 TRADE PAYABLES

	As at 30 September 2022 HK\$'000 (unaudited)	As at 31 March 2022 HK\$'000 (audited)
Trade payables	<u>1,405</u>	<u>723</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 2022 HK\$'000 (unaudited)	As at 31 March 2022 HK\$'000 (audited)
Within 1 month	1,213	542
1 to 2 months	167	4
2 to 3 months	25	174
Over 3 months	<u>–</u>	<u>3</u>
	<u>1,405</u>	<u>723</u>

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, the 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. As a result of the economic downturn, 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 the provision of media management services and one-stop advertising solution package under which the deliverables to the customers are distributed on the Digital Media Platforms managed by the Group and other platforms, such as third parties’ TV channels, the Internet and physical advertising spaces, subject to the needs of the customers.

Revenue from the digital media services decreased from approximately HK\$23.5 million for the six months ended 30 September 2021 to approximately HK\$22.0 million for the Period, representing a decrease of approximately 6.4% which was mainly attributable to the keen competition and tightened spending of the clients. Segment loss before income tax was approximately HK\$3.0 million and HK\$2.9 million for the six months ended 30 September 2021 and 2022 respectively. 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\$1.3 million and HK\$1.0 million for the six months ended 30 September 2021 and 2022 respectively. The decrease in revenue was mainly due to the reduced volume of books sold in 2022 Book Fair. Segment loss before income tax was approximately HK\$71,000 and HK\$2 million for the six months ended 30 September 2021 and 2022 respectively. During the Period, the segment loss before income tax increase was mainly attributable to the written off of the inventories of approximately HK\$0.8 million.

Other Media Services

Other media services represent events organisation and artistes management.

Revenue from the other media services was approximately HK\$23.3 million and HK\$1.5 million for the six months ended 30 September 2021 and 2022 respectively. Segment profit before income tax was approximately HK\$4.1 million for the six months ended 30 September 2021 and segment loss before income tax was approximately HK\$0.7 million for the six months ended 30 September 2022. During the Period, the turn from segment profit before income tax to segment loss before income tax was mainly attributable to the decrease in revenue as there was no performance event organized by the Group during the Period.

FINANCIAL REVIEW

Revenue

Revenue of the Group decreased by approximately HK\$25.1 million or 52% from approximately HK\$48.1 million for the six months ended 30 September 2021 to approximately HK\$23.0 million for the Period. The decrease was mainly attributable to the decrease in revenue from other media services segment.

Cost of Sales

The Group's cost of sales comprises direct cost incurred for the digital media services (including staff costs and production costs), print media services (including staff costs, printing costs, cost of inventories, inventory 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 decreased to approximately HK\$19.1 million for the Period from approximately HK\$37.4 million for the six months ended 30 September 2021, representing a decrease of approximately HK\$18.3 million or 49% during the Period which was mainly attributable to the decreased cost of performance event.

Gross Profit and Gross Profit Margin

For the Period, the gross profit of the Group decreased by approximately HK\$6.8 million or 64% from approximately HK\$10.7 million for the six months ended 30 September 2021 to approximately HK\$3.9 million for the Period which was dropped in line with the reduced revenue.

The overall gross profit margin of the Group was approximately 22.2% and 16.8% for the six months ended 30 September 2021 and 2022, 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\$1.8 million and HK\$1.6 million for the six months ended 30 September 2021 and 2022 respectively, representing a decrease by approximately HK\$0.2 million or 11.1%.

Administrative Expenses

Administrative expenses of the Group decreased from approximately HK\$8.2 million for the six months ended 30 September 2021 to approximately HK\$8.0 million for the Period.

Finance Costs/Income, net

Finance costs/income, net represented deposit bank interest income received, offset by costs related to lease liabilities. The finance cost, net was approximately HK\$28,000 and HK\$29,300 for the six months ended 30 September 2021 and 2022 respectively.

(Loss)/profit before Income Tax

During the six months ended 30 September 2021 and 2022, the profit before income tax was approximately HK\$2.3 million and the loss before income tax was approximately HK\$4.7 million respectively. During the Period, the turn profit before income tax to loss before income tax was mainly due to the combined effect of (i) the decrease in segment result of other media services by approximately HK\$4 million; (ii) additional provision for impairment losses on trade receivables of HK\$0.6 million; and (iii) the written off of inventories of approximately HK\$0.8 million.

Income Tax Expenses

The income tax expenses were approximately HK\$0.4 million and HK\$45,000 for the six months ended 30 September 2021 and 2022 respectively.

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 2022 and 30 September 2022, the Group had net current assets of approximately HK\$65.9 million and HK\$59.6 million, respectively, including bank balances and cash of approximately HK\$64.3 million and HK\$54.6 million respectively. The Group's current ratio (current assets divided by current liabilities) decreased from approximately 7.2 times as at 31 March 2022 to approximately 7.0 times as at 30 September 2022. Such decrease was mainly due to the decrease in cash and cash equivalents for the Period. The Group's gearing ratio as at 31 March 2022 and 30 September 2022 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 2022, the Group's gearing ratio was nil (31 March 2022: 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 2022, 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

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 2022 and 30 September 2022.

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 2022 and 30 September 2022, none of the Group's assets were pledged.

EMPLOYEES AND REMUNERATION POLICIES

The total number of full-time employees were 77 and 77 as at 31 March 2022 and 30 September 2022, 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 2021 and 2022, the Group's total employee benefit expenses (including Directors' emoluments) amounted to approximately HK\$15.5 million and HK\$11.3 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

Hired additional sales executives to support the business growth in digital media services segment.

Recruited marketing staff to assist in conducting pitching activities to build up and strengthen relationship with a broader customer base.

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.

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 2021: nil).

SIGNIFICANT EVENTS AFTER THE REPORTING PERIOD

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

The Company confirms that the deed of non-competition (the "Deed") of each of Blackpaper BVI, Mr. Iu and Mr. Luk, details of which were set out in the Prospectus, has been fully complied with and enforced since the Listing Date and up to 30 September 2022.

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 D3 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

This 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 2022

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.