Hong Kong Exchanges and Clearing Limited and The Stock Exchange of Hong Kong Limited take no responsibility for the contents of this announcement, make no representation as to its accuracy or completeness and expressly disclaim any liability whatsoever for any loss howsoever arising from or in reliance upon the whole or any part of the contents of this announcement.

Most Kwai Chung Limited
毛記葵涌有限公司

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 1716)

ANNUAL RESULTS ANNOUNCEMENT FOR THE YEAR ENDED 31 MARCH 2018

FINANCIAL HIGHLIGHTS

	Year ended 31 March	
	2018	2017
Revenue	**HK$86.7 million**	HK$95.2 million
Gross profit	**HK$44.5 million**	HK$58.3 million
Net profit	**HK$6.9 million**	HK$36.3 million
Adjusted net profit *(Note)*	**HK$23.1 million**	HK$36.3 million
Basic earnings per share	**HK3.40 cents**	HK17.91 cents

Note: Adjusted net profit is derived from net profit excluding the non-recurring listing expenses of approximately HK$16.2 million incurred during the Year.

RESULTS

The board (the "Board") of directors (the "Directors") of Most Kwai Chung Limited (the "Company") is pleased to present the consolidated audited results of the Company and its subsidiaries (collectively as the "Group") for the year ended 31 March 2018 (the "Year"), together with the comparative figures for the previous financial year ended 31 March 2017 as follows:

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

		Year ended 31 March	
		2018	2017
	Note	***HK$'000***	*HK$'000*
Revenue	*3*	**86,747**	95,228
Cost of sales	*4*	**(42,225)**	(36,958)
Gross profit		**44,522**	58,270
Other income	*5*	**13**	24
Other loss	*6*	**(4)**	(36)
Selling and distribution expenses	*4*	**(6,252)**	(6,832)
Administrative expenses	*4*	**(26,251)**	(7,949)
		12,028	43,477
Finance income		**176**	–
Profit before income tax		**12,204**	43,477
Income tax expenses	*7*	**(5,287)**	(7,214)
Profit and total comprehensive income attributable to owners of the Company for the year		**6,917**	36,263
Basic and diluted earnings per share for profit attributable to owners of the Company *(Hong Kong cents)*	*8*	**3.40**	17.91

CONSOLIDATED BALANCE SHEET

		As at 31 March	
		2018	2017
	Note	***HK$'000***	*HK$'000*
ASSETS			
Non-current assets			
Property, plant and equipment		**1,498**	1,243
Deposits		**393**	160
		1,891	1,403
Current assets			
Inventories		**856**	606
Trade receivables	*9*	**18,856**	13,670
Prepayments and deposits		**1,665**	1,367
Current income tax recoverables		**5,662**	1,284
Cash and cash equivalents		**80,525**	22,150
		107,564	39,077
Total assets		**109,455**	40,480
EQUITY			
Equity attributable to owners of the Company			
Share capital	*11*	**2,700**	–
Share premium	*11*	**67,028**	–
Reserves	*10*	**997**	1,000
Retained earnings		**14,248**	29,331
Total equity		**84,973**	30,331
LIABILITIES			
Non-current liabilities			
Deferred income tax liabilities		**121**	84
Current liabilities			
Trade payables	*12*	**1,632**	742
Other payables and accruals	*13*	**18,150**	2,334
Receipts in advance		**2,214**	2,486
Amounts due to directors		**–**	90
Current income tax liabilities		**2,365**	4,413
		24,361	10,065
Total liabilities		**24,482**	10,149
Total equity and liabilities		**109,455**	40,480

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2018

1 GENERAL INFORMATION, REORGANISATION AND BASIS OF PRESENTATION

1.1 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 (as revised) 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 Company is an investment holding company and its subsidiaries now comprising the group (collectively as the "Group") are principally engaged in provision of creative multi-media services, advertising service and sale of periodicals and books (the "Business").

The ordinary shares of the Company (the "Shares") were listed on the Main Board of The Stock Exchange of Hong Kong Limited (the "Stock Exchange") on 28 March 2018 (the "Listing").

The ultimate holding company of the Group is Blackpaper Limited, a company incorporated under the laws of British Virgin Islands (the "BVI") with limited liability on 7 June 2017 ("Blackpaper BVI"). The shareholders of Blackpaper BVI are Iu Kar Ho ("Mr. Iu"), Luk Ka Chun ("Mr. Luk") and Tsui Ka Ho ("Mr. Tsui") (together as the "Ultimate Shareholders") and each of the Ultimate Shareholders owns 33.33% equity interest in Blackpaper BVI.

These financial statements are presented in Hong Kong dollars ("HK$") and all values are rounded to the nearest thousand ("HK$'000") except when otherwise indicated.

1.2 Reorganisation

In preparing for the Listing, the following reorganisation activities (the "Reorganisation") were carried out.

Prior to the incorporation of the Company and the completion of the Reorganisation, the Business was carried out through Blackpaper Limited, a company incorporated under the laws of Hong Kong with limited liability ("Blackpaper") and its subsidiaries, namely, Whitepaper Publishing Limited ("Whitepaper Publishing"), General Manager Management Limited ("General Manager"), TV Most Broadcasts Limited ("TV Most Broadcasts") and French Rotational Production Limited ("French Rotational") (the subsidiaries of Blackpaper collectively referred as to the "Subsidiaries").

The principal steps involved in the Reorganisation are summarised below:

(i) Incorporation of Blackpaper BVI by the Ultimate Shareholders

On 7 June 2017, Blackpaper BVI was incorporated in the BVI and 1 share of US dollar ("US$") 1.00 was allotted and issued at par to each of the Ultimate Shareholders.

(ii) Incorporation of the Company by Blackpaper BVI

On 8 June 2017, the Company was incorporated in the Cayman Islands and 1 subscriber share of HK$0.01 of the Company was transferred at par to Blackpaper BVI.

On 23 June 2017, 8 shares of HK$0.01 each of the Company were allotted and issued at par to Blackpaper BVI. On the same day, 1 share of HK$0.01 of the Company was allotted and issued at par to Tronix Investment Limited ("Tronix Investment", an indirect wholly-owned subsidiary of One Media Group Limited which is listed on the Main Board of the Stock Exchange (Stock Code: 426)). Since then, the Company was owned by Blackpaper BVI and Tronix Investment as to 90% and 10% respectively.

(iii) Incorporation of Most Kwai Chung (BVI) Limited ("Most BVI") by the Company

On 9 June 2017, Most BVI was incorporated in the BVI. On 23 June 2017, 1 share of US$1.00 was allotted and issued at par to the Company. Since then, Most BVI is a direct wholly-owned subsidiary of the Company.

(iv) Incorporation of Number Eighteen Limited (incorporated in the BVI) ("Number Eighteen BVI"), General Productions Limited ("General Productions"), Most Multimedia Limited ("Most Multimedia") and Most Publishing Limited ("Most Publishing")

On 12 June 2017, Number Eighteen BVI, General Productions, Most Multimedia and Most Publishing were incorporated in the BVI. On 23 June 2017, 1 share of US$1.00 of Number Eighteen BVI, General Productions, Most Multimedia and Most Publishing was allotted and issued at par to Most BVI. Since then, Number Eighteen BVI, General Productions, Most Multimedia and Most Publishing are indirect wholly-owned subsidiaries of the Company.

(v) Acquisition of Number Eighteen Limited ("Number Eighteen") by Number Eighteen BVI

On 12 July 2017, Number Eighteen BVI acquired 100% equity interest in Number Eighteen from Blackpaper at a consideration of allotting and issuing 9 shares and 1 share of the Company to Blackpaper BVI and Tronix Investment, respectively. Since then, Number Eighteen is an indirect wholly-owned subsidiary of the Company.

(vi) Acquisitions of General Manager and French Rotational by General Productions

On 12 July 2017 and on 12 September 2017, General Productions acquired 100% equity interest in General Manager from Blackpaper at a consideration of allotting and issuing 9 shares and 1 share of the Company to Blackpaper BVI and Tronix Investment respectively. Since then, General Manager is an indirect wholly-owned subsidiary of the Company.

On 12 July 2017, General Productions acquired 100% equity interest in French Rotational Production Limited ("French Rotational") from Blackpaper at a consideration of allotting and issuing 9 shares and 1 share of the Company to Blackpaper BVI and Tronix Investment respectively. Since then, French Rotational is an indirect wholly-owned subsidiary of the Company.

(vii) Acquisitions of TV Most Broadcasts and Blackpaper by Most Multimedia

On 12 July 2017, Most Multimedia acquired 100% equity interest in TV Most Broadcasts from Blackpaper at a consideration of allotting and issuing 9 shares and 1 share of the Company to Blackpaper BVI and Tronix Investment respectively. Since then, TV Most Broadcasts is an indirect wholly-owned subsidiary of the Company.

On 13 July 2017, Most Multimedia acquired 100% equity interest in Blackpaper from the Ultimate Shareholders and Tronix Investment at a consideration of allotting and issuing 9 shares and 1 share of the Company to Blackpaper BVI and Tronix Investment respectively. Since then, Blackpaper is an indirect wholly-owned subsidiary of the Company.

(viii) Acquisition of Whitepaper Publishing by Most Publishing

On 12 July 2017, Most Publishing acquired 100% equity interest in Whitepaper Publishing from the Ultimate Shareholders at a consideration of HK$2,442.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The principal accounting policies applied in the preparation of the consolidated financial statements are set out below. These policies have been consistently applied during the years presented, unless otherwise stated.

Basis of preparation

The consolidated financial statements have been prepared in accordance with Hong Kong Financial Reporting Standards ("HKFRS") issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA") under the historical cost convention.

The preparation of consolidated financial statements in conformity with HKFRS requires the use of certain critical accounting estimates. It also requires the Directors to exercise its judgement in the process of applying the Group's accounting policies.

Immediately prior to and after the Reorganisation, the Business had been and continues to be conducted by Blackpaper and the Subsidiaries, which were directly controlled by Blackpaper of which the Ultimate Shareholders and Tronix Investment held 90% and 10% equity interests respectively. Pursuant to the Reorganisation, Blackpaper and the Subsidiaries together with the Business were transferred to and held by the Company. The Company has not been involved in any business prior to the Reorganisation and does not meet the definition of a business. The Reorganisation is merely a reorganisation of the Business with no change in management and the ultimate owners of the Business remain the same. Accordingly, the Group resulting from the Reorganisation is regarded as a continuation of the Business conducted by Blackpaper and the Subsidiaries and the consolidated financial statements have been prepared and presented as a continuation of the consolidated financial statements of Blackpaper and the Subsidiaries, with the results, assets and liabilities recognised and measured at the carrying amounts of the Business under the consolidated financial statements for all years presented.

The following are new standards and amendments to standards which have been issued but are not effective and have not been early adopted. The Group plans to adopt these new standards when they become effective:

		Effective for annual periods beginning on or after
Amendments to HKAS 28	Measuring an associate or joint venture at fair value	1 January 2018
Amendments to HKAS 40	Transfers of investment property	1 January 2018
Amendments to HKFRS 1	Deletion of short-term exemptions for first-time adopters	1 January 2018
Amendments to HKFRS 2	Classification and measurement of share-based payment transactions	1 January 2018
Amendments to HKFRS 4	Applying HKFRS 9 financial instruments with HKFRS 4 insurance contracts contracts with customers	1 January 2018
Amendments to HKFRS 15	Clarification to HKFRS 15 revenue from investor and its associate or joint venture	1 January 2018
HKFRS 9	Financial instruments	1 January 2018
HKFRS 10 and HKAS 28	Sale or contribution of assets between an Revenue from contracts with customers	*Note*
HKFRS 15	Revenue from contracts with customers	1 January 2018
HKFRS 16	Leases	1 January 2019
HKFRS 17	Insurance contracts	1 January 2021
HK (IFRIC) Int-22	Foreign currency transactions and advance consideration	1 January 2018
HK (IFRIC) Int-23	Uncertainty over income tax treatments issued	1 January 2019

Note: The effective date was postponed indefinitely.

The Group will adopt the above new or revised standards, amendments and interpretations to existing standards as and when they become effective. Management is in the process of assessing the impacts of these standards, amendments and interpretations to existing HKFRS and set out below are the expected impacts on the Group's financial performance and position:

HKFRS 9, 'Financial Instruments', introduces a new model for the recognition of impairment losses — the expected credit losses (ECL) model, which constitutes a change from the incurred loss model in HKAS 39. HKFRS 9 contains a 'three stage' approach, which is based on the change in credit quality of financial assets since initial recognition. Assets move through the three stages as credit quality changes and the stages dictate how an entity measures impairment losses and applies the effective interest rate method. The new rules mean that on initial recognition of a non-credit impaired financial asset carried at amortised cost a day-1 loss equal to the 12-month ECL is recognised in profit or loss. In the case of accounts receivables this day-1 loss will be equal to their lifetime ECL. Where there is a significant increase in credit risk, impairment is measured using lifetime ECL rather than 12-month ECL. Management has performed assessment and expects that the implementation of HKFRS 9 would not result in any significant impacts on the Group's financial position and results of operation.

HKFRS 9, 'Financial Instruments', also addresses the classification, measurement and recognition of financial assets and financial liabilities. It replaces the guidance in HKAS 39 that relates to the classification and measurement of financial instruments. HKFRS 9 retains but simplifies the mixed measurement model and establishes three primary measurement categories for financial assets: amortised cost, fair value through other comprehensive income and fair value through profit or loss. For financial liabilities, there were no changes to classification and measurement except for the recognition of changes in own credit risk in other comprehensive income, for liabilities designated at fair value through profit or loss. Management assesses that adopting HKFRS 9 will not have a material impact to the Group's consolidated financial statements. The standard is effective for accounting periods beginning on or after 1 January 2018. Early adoption is permitted. Management has performed assessment and expects that the implementation of HKFRS 9 would not result in any significant impacts on the Group's financial position and results of operation.

HKFRS 15 replaces the previous revenue standards: HKAS 18 Revenue and HKAS 11 Construction Contracts, and the related Interpretations on revenue recognition. The Directors of the Company have performed a preliminary assessment. Based on this assessment, it is noted that HKFRS establishes a comprehensive framework for determining when to recognise revenue and how much revenue to recognise through a 5-step approach: (1) Identify the contract(s) with customer; (2) Identify separate performance obligations in a contract; (3) Determine the transaction price; (4) Allocate transaction price to performance obligations; and (5) Recognise revenue when performance obligation is satisfied. The core principle is that a company should recognise revenue to depict the transfer of promised goods or services to the customer in an amount that reflects the consideration to which the company expects to be entitled in exchange for those goods or services. It changes the approach of revenue recognition from 'risks and rewards' to 'transfer of control'. HKFRS 15 provides specific guidance on capitalisation of contract cost and licence arrangements. It also includes a cohesive set of disclosure requirements about the nature, amount, timing and uncertainty of revenue and cash flows arising from the entity's contracts with customers. Under HKFRS 15, an entity normally recognises revenue when a performance obligation is satisfied. Impact on the revenue recognition timing and amount may arise when multiple performance obligations are identified and satisfied. The standard is effective for accounting periods beginning on or after 1 January 2018. Incremental costs to obtain a contract will be capitalised under HKFRS 15 if they are expected to be recovered in long term. This could result in additional deferred costs for certain contracts with customers which incur a commission or agency cost at the time of signing up a long term service contract. However, such costs may be expensed as incurred as a practical expedient if the amortisation period of the asset is one year or less. The contracts with customers entered into by the Group are normally for a term less than one year. Management has performed preliminary assessment on the implementation of HKFRS 15 and the initial result indicated that it would not result in any significant impact on the Group's financial position and results of operation other than changes on the disclosure.

HKFRS 16, 'Leases' addresses the definition of a lease, recognition and measurement of leases. The standard replaces HKAS 17 'Leases' and related interpretations. The Group is a lessee of office premises, which are currently classified as operating leases. The Group's future operating lease commitments, which are not reflected in the consolidated balance sheet, under non-cancellable operating lease was HK$1,780,000 as at 31 March 2018.

HKFRS 16 provides new provisions for the accounting treatment of leases and will in the future no longer allow lessees to recognise certain leases outside of the consolidated balance sheet. Instead, all non-current leases must be recognised in the form of an asset (for the right of use) and a financial liability (for the payment obligation). Thus each lease will be mapped in Group's consolidated balance sheet. Short-term leases of less than twelve months and leases of low-value assets are exempt from the reporting obligation. The new standard will therefore result in an increase in right-of-use asset and an increase in financial liability in the consolidated balance sheet. This will affect related ratios, such as increase in debt to capital ratio. In the statement of comprehensive income, leases will be recognised in the future as depreciation and amortisation and will no longer be recorded as property rental and related expenses. Interest expense on the lease liability will be presented separately from depreciation and amortisation under finance costs. As a result, the property rental and related expenses under otherwise identical circumstances will decrease, while depreciation and amortisation and the interest expense will increase. The combination of a straight-line depreciation of the right-of-use asset and the effective interest rate method applied to the lease liability will result in a higher total charge to profit or loss in the initial year of the lease, and decreasing expenses during the latter part of the lease term. The new standard is not expected to apply until the financial year beginning on or after 1 January 2019, including the adjustment of prior years. It is expected that certain portion of these lease commitments will be required to be recognised in the consolidated balance sheet as right-of-use assets and lease liabilities.

The Group has disclosed its non-cancellable operating lease commitments in the notes to the consolidated financial statements. As a result of the adoption of the new standard, there will be no operating lease commitment.

Nevertheless, it is expected that there will be no material impact on the financial position and performance of the Group as the total expenses to be recognised by the Group over the entire lease period and the total net profit over the lease period is not expected to be materially affected. The adoption of HKFRS 16 would not affect the total cash flows in respect of the leases.

For lessors, the accounting stays almost the same. Although the standard provides guidance on the definition of a lease (as well as the guidance on the combination and separation of contracts), this does not impact the Group as there are no such arrangements in place.

The management of the Group is continuing to assess the specific magnitude of the adoption of HKFRS 16 to the relevant financial statement areas and will conduct a more detailed assessment on the impact as information become available closer to the planned initial date of the adoption of 1 January 2019.

The management of the Group anticipated that the application of the other new and revised standards, amendments or interpretations will have no material impact on the consolidated financial statements.

3 REVENUE AND SEGMENT INFORMATION

The chief operating decision-maker ("CODM") has been identified as the executive Directors. The executive Directors review 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 provision of 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 advertorial production and advertisement placement services and sale of publications including books and magazines.

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 the operating segments 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:

Year ended 31 March 2018

	Digital media services *HK$'000*	**Print media services** *HK$'000*	**Other media services** *HK$'000*	**Total** *HK$'000*
Revenue	**80,491**	**6,059**	**1,783**	**88,333**
Inter-segment transactions	**–**	**–**	**(1,586)**	**(1,586)**
Revenue from external customers	**80,491**	**6,059**	**197**	**86,747**
Segment profit/(loss) before income tax	**32,288**	**(3,316)**	**99**	**29,071**
Unallocated expenses				**(17,043)**
Finance income				**176**
Income tax expenses				**(5,287)**
Profit for the year				**6,917**
Other information:				
Depreciation	**221**	**384**	**–**	**605**

Year ended 31 March 2017

	Digital media services *HK$'000*	Print media services *HK$'000*	Other media services *HK$'000*	Total *HK$'000*
Revenue	74,478	9,826	13,530	97,834
Inter-segment transactions	–	–	(2,606)	(2,606)
Revenue from external customers	74,478	9,826	10,924	95,228
Segment profit/(loss) before income tax	36,173	(1,004)	8,308	43,477
Income tax expenses				(7,214)
Profit for the year				36,263
Other information:				
Depreciation	147	428	–	575

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 for the year ended 31 March 2018 is presented (2017: same).

The Group derives the following types of revenue:

	Year ended 31 March	
	2018	2017
	HK$'000	*HK$'000*
Media services income	**78,903**	82,583
Sales of periodicals and books	**4,788**	6,093
Printed advertising income	**1,046**	3,733
Performance income	**2,010**	2,819
Total revenue	**86,747**	95,228

Revenue from major customers who have individually contributed to 10% or more of the total revenue of the Group:

	Year ended 31 March	
	2018	2017
	HK$'000	*HK$'000*
Customer A	**6,275**	18,636

4 EXPENSES BY NATURE

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

	Year ended 31 March	
	2018	2017
	HK$'000	*HK$'000*
Cost of production	**25,588**	22,659
Cost of inventories	**1,153**	1,134
Inventory written off	**–**	551
Printing cost	**1,193**	1,681
Employee benefit expenses, including Directors' emoluments	**24,540**	21,147
Depreciation	**605**	575
Operating lease payments	**769**	545
Auditor's remuneration		
— Audit services	**800**	56
— Non-audit services	**–**	–
Professional fee	**41**	14
Accounting service fee	**1,200**	780
Royalties	**459**	658
Bad debts written off	**–**	150
Listing expenses	**16,243**	–
Others	**2,137**	1,789
Total cost of sales, selling and distribution expenses and administrative expenses	**74,728**	51,739

5 OTHER INCOME

	Year ended 31 March	
	2018	2017
	HK$'000	*HK$'000*
Disposal of wastage book	**13**	24

6 OTHER LOSS

	Year ended 31 March	
	2018	2017
	HK$'000	*HK$'000*
Loss on disposal of property, plant and equipment	**4**	36

7 INCOME TAX EXPENSES

Hong Kong profits tax has been provided at the rate of 16.5% on the estimated assessable profit for the year ended 31 March 2018 (2017: 16.5%).

	Year ended 31 March	
	2018	2017
	HK$'000	*HK$'000*
Current income tax — Hong Kong	**5,250**	7,218
Deferred income tax	**37**	(4)
Income tax expenses	**5,287**	7,214

The taxation on the Group's profit before income tax differs from the theoretical amount that would arise using the Hong Kong standard rate of income tax as follows:

	Year ended 31 March	
	2018	2017
	HK$'000	*HK$'000*
Profit before income tax	**12,204**	43,477
Tax calculated at 16.5%	**2,014**	7,174
Tax effect of:		
Income not subject to tax	**(29)**	–
Expenses not deductible for tax purpose	**2,832**	10
Tax losses for which no deferred income tax asset was recognised	**510**	30
Tax reduction	**(40)**	–
Income tax expenses	**5,287**	7,214

8 EARNINGS PER SHARE

(a) Basic

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.

	Year ended 31 March	
	2018	2017
Profit attributable to owners of the Company during the year *(HK$'000)*	**6,917**	36,263
Weighted average number of ordinary shares in issue *(Note)*	**203,239,726**	202,500,000
Basic earnings per share *(Hong Kong cents)*	**3.40**	17.91

Note: The weighted average number of ordinary shares for such purpose has been retrospectively adjusted for the effects of the issue of Shares in connection with the Reorganisation and the capitalisation of shares (Note 11).

(b) Diluted

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

9 TRADE RECEIVABLES

	As at 31 March	
	2018	2017
	HK$'000	*HK$'000*
Trade receivables	**18,856**	13,670

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

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

	As at 31 March	
	2018	2017
	HK$'000	*HK$'000*
Within 2 months	**9,780**	5,366
2 to 4 months	**4,250**	1,722
4 to 6 months	**2,407**	1,869
Over 6 months	**2,419**	4,713
	18,856	13,670

As at 31 March 2018, the ageing analysis of trade receivables, based on due date, was as follows:

	As at 31 March	
	2018	2017
	HK$'000	*HK$'000*
Current	**7,404**	6,354
Within 2 months	**7,222**	900
2 to 4 months	**627**	1,689
4 to 6 months	**1,833**	1,731
Over 6 months	**1,770**	2,996
	18,856	13,670

As at 31 March 2018, trade receivables of approximately HK$11,452,000 were past due but not impaired (2017: HK$7,316,000). Based on past experience, the Directors are of the opinion that no provision for impairment is necessary in respect of these balances as there has not been a significant change in credit quality and the balances are still considered fully recoverable. The ageing analysis of these trade receivables was as follows:

	As at 31 March	
	2018	2017
	HK$'000	*HK$'000*
Past due but not impaired by:		
— Within 2 months	**7,222**	900
— 2 to 4 months	**627**	1,689
— 4 to 6 months	**1,833**	1,731
— Over 6 months	**1,770**	2,996
	11,452	7,316

The maximum exposure to credit risk as at 31 March 2018 is the carrying value of each class of receivables mentioned above (2017: same). The Group does not hold any collateral as security.

10 RESERVES

The balance represented the combined capital of the companies now comprising the Group before completion of the Reorganisation and other reserves.

11 SHARE CAPITAL AND SHARE PREMIUM

The Company was incorporated in the Cayman Islands on 8 June 2017. At the date of incorporation, the authorised share capital is HK$380,000 comprising 38,000,000 ordinary shares of HK$0.01 each. By a shareholder's written resolution dated 2 March 2018, the authorised share capital was increased to HK$3,800,000 comprising 380,000,000 ordinary shares of HK$0.01 each.

Authorised shares:

	Number of shares	**Nominal value of ordinary shares** *HK'000*
At 8 June 2017 (Date of incorporation)	38,000,000	380
Increase during the Year	342,000,000	3,420
31 March 2018	380,000,000	3,800

Ordinary shares, issued and fully paid:

	Number of shares	**Nominal value of ordinary shares** *HK'000*	**Share premium** *HK'000*
At 8 June 2017 (Date of incorporation) *(Note (a))*	1	–	–
Shares issued pursuant to the Reorganisation *(Note (b))*	59	–	–
Capitalisation of shares *(Note (c))*	202,499,940	2,025	(2,025)
Shares issued pursuant to the share offer in the Listing *(Note (d))*	67,500,000	675	69,053
At 31 March 2018	270,000,000	2,700	67,028

Note:

(a) On 8 June 2017 (Date of incorporation), 1 share of HK$0.01 was allotted and issued.

(b) Upon the completion of the Reorganisation, 59 shares of HK$0.01 each were allotted and issued.

(c) By a shareholder's written resolution dated 2 March 2018 and conditional on the share premium account of the Company being credited as a result of issue of new Shares pursuant to the proposed offering of the Shares, the Company issued additional 182,249,946 and 20,249,994 Shares (the "Capitalisation Shares"), credited as fully paid, to Blackpaper BVI and Tronix Investment, respectively, by way of capitalisation of approximately HK$2,025,000 standing to the credit of the Company's share premium account.

(d) On 28 March 2018, the Shares were listed on the Main Board of the Stock Exchange. In connection with the Listing completed on 28 March 2018, the Company issued a total of 67,500,000 shares at a price of HK$1.2 per share for total proceeds (before related fees and expenses) of HK$81,000,000. Issuance costs amounted to HK$11,272,000 were charged to the Company's share premium account.

12 TRADE PAYABLES

	As at 31 March	
	2018	2017
	HK$'000	*HK$'000*
Trade payables	**1,632**	742

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

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

	As at 31 March	
	2018	2017
	HK$'000	*HK$'000*
Within 1 month	**790**	573
1 to 2 months	**510**	–
2 to 3 months	**241**	–
Over 3 months	**91**	169
	1,632	742

13 OTHER PAYABLES AND ACCRUALS

	As at 31 March	
	2018	2017
	HK$'000	*HK$'000*
Other payables *(Note)*	**13,739**	325
Accruals	**4,411**	2,009
	18,150	2,334

The carrying amounts of other payables approximated their fair values. They were unsecured, interest free and repayable on demand. The carrying amounts of the other payables were denominated in HK$.

Note:

At 31 March 2018, other payables include listing expenses payable amounted to approximately HK$12,083,000.

14 DIVIDENDS

	Year ended 31 March	
	2018	2017
	HK$'000	*HK$'000*
Interim and special dividends declared and paid	**22,000**	35,000

Dividends paid during each of the years ended 31 March 2017 and 2018 represented dividends declared by a subsidiary now comprising the Group to the then owners of a subsidiary for each of the years ended 31 March 2017 and 2018. The rates for dividend and the number of shares ranking for dividends are not presented as such information is not considered meaningful for the purpose of this announcement.

Save as the above, no other dividend has been paid or declared by the Company since its incorporation.

The Board of Directors does not recommend the payment of final dividend for the year ended 31 March 2018 (2017: nil).

MANAGEMENT DISCUSSION AND ANALYSIS

Business Review

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 (a) advertorial production and advertisement placement services in the 100 Most Magazine and (b) sale of publications, including 100 Most Magazine and the book publications; and (iii) other media services which include events organisation and artistes management.

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$74.5 million for the year ended 31 March 2017 to approximately HK$80.5 million for the Year, representing an increase of approximately 8.1%. Segment profit before income tax was approximately HK$36.2 million and HK$32.3 million for the years ended 31 March 2017 and 2018 respectively. During the Year, 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 (a) advertorial production and advertisement placement services and (b) sale of publications including 100 Most Magazine and books published by the Group.

Revenue from the print media services was approximately HK$9.8 million and HK$6.1 million for the years ended 31 March 2017 and 2018 respectively. Segment loss before income tax was approximately HK$1.0 million and HK$3.3 million for the years ended 31 March 2017 and 2018 respectively. Such loss was mainly due to the change of consumers' preference from print to digital media in general, which led to the decreased segment revenue of the print media services for the Year. In addition, along with the reduced sales of publications, revenue derived from the advertorial production and advertisement placement also decreased.

Other Media Services

Other media services represent events organisation and artistes management.

Revenue from the other media services was approximately HK$10.9 million and HK$0.2 million for the years ended 31 March 2017 and 2018 respectively. Segment profit before income tax was approximately HK$8.3 million and HK$0.1 million for the years ended 31 March 2017 and 2018 respectively. The decrease of the segment revenue and profit was due to the fact that no events were organised by the Group during the Year.

Financial Review

Revenue

Revenue of the Group decreased by approximately HK$8.5 million or 8.9% from approximately HK$95.2 million for the year ended 31 March 2017 to approximately HK$86.7 million for the Year. The decrease was mainly attributable to the decrease in revenue from print media services and other media services segments.

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 increased to approximately HK$42.2 million for the Year from approximately HK$37.0 million for the year ended 31 March 2017, representing an increase of approximately HK$5.2 million or 14.3% during the year. The increase in cost of sales was mainly due to the increase of production costs which include fees paid to third party production houses, artistes, a social media platform for boosting the original newsfeeds on such platform, and costs for preparing production props and etc.

Gross profit and gross profit margin

For the Year, the gross profit of the Group decreased by approximately HK$13.8 million or 23.6% from approximately HK$58.3 million for the year ended 31 March 2017 to approximately HK$44.5 million.

The overall gross profit margin of the Group was approximately 61.2% and 51.3% for the years ended 31 March 2017 and 2018, respectively.

Other income

Other income mainly represents disposal of wastage books under the publication business and others. Other income of the Group decreased by approximately HK$11,000 or 45.8% from approximately HK$24,000 for the year ended 31 March 2017 to approximately HK$13,000 for the Year.

Other loss

Other loss represents loss on disposal of property, plant and equipment, which was mainly related to computers and office equipment, and amounted to approximately HK$36,000 and HK$4,000 for the years ended 31 March 2017 and 2018, 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 remained generally stable at approximately HK$6.8 million and HK$6.3 million for the years ended 31 March 2017 and 2018 respectively.

Administrative expenses

Administrative expenses of the Group increased from approximately HK$7.9 million for the year ended 31 March 2017 to approximately HK$26.3 million for the Year. Such increase was primarily attributable to the non-recurring listing expenses incurred for the Listing on 28 March 2018 (the "Listing Date") on the Main Board of the Stock Exchange.

Finance income

Finance income represented deposit bank interest income received during the Year, which amounted to approximately HK$176,000 during the Year. No such income was received by the Group for the year ended 31 March 2017.

Profit before income tax

During the years ended 31 March 2017 and 2018, the profit before income tax was approximately HK$43.5 million and HK$12.2 million respectively. The substantial decrease in the profit before income tax was mainly due to (i) the loss in the print media services segment for the Year as a result from the reduction in advertorial production and advertisement placement procured by the customers along with the declined sales performance of the Group's publications; (ii) the decrease in profit before income tax in the digital media services segment and other media services segment; and (iii) the non-recurring listing expenses of approximately HK$16.2 million incurred for the Listing during the Year.

Income tax expenses

The income tax expenses were approximately HK$7.2 million and HK$5.3 million for the years ended 31 March 2017 and 2018 respectively. The effective tax rate for the year ended 31 March 2017 was approximately 16.6%. For the Year, the Group recorded an effective tax rate of approximately 43.3% principally resulted from the tax effect from expenses not deductible for tax purpose which significantly increased the effective tax rate during the Year.

The Group was not subject to taxation in jurisdictions other than Hong Kong, nor falls into any preferential tax treatment or scheme or enjoy any tax benefit in Hong Kong during the Year. During the Year, the Group had fulfilled all the income tax obligations and did not have any unresolved income tax issues or disputes with the relevant tax authorities.

Liquidity and Financial Resources

During the Year, the Group's operation and capital requirements were financed principally through the operating activities. The Group will fund the operations partly using the proceeds from the Listing according to the prospectus of the Company dated 16 March 2018 (the "Prospectus"). The Group received net proceeds of approximately HK$53.5 million from the Listing.

As at 31 March 2017 and 2018, the Group had net current assets of approximately HK$29.0 million and HK$83.2 million, respectively, including bank balances and cash of approximately HK$22.2 million and HK$80.5 million respectively. The Group's current ratio (current assets divided by current liabilities) increased from approximately 3.9 as at 31 March 2017 to approximately 4.4 as at 31 March 2018. Such increase was mainly due to an increase in cash and bank balances.

The Group's gearing ratio as at 31 March 2017 and 2018 was calculated based on the total debt divided by the total equity as at the respective dates and multiplied by 100%. As at 31 March 2018, the Group's gearing ratio is nil (2017: 0.3%). The decrease in gearing ratio was mainly due to the settlement of amounts due to directors during the Year.

Treasury Policies

The Group adopts prudent treasury policies. The Group's management 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 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.

Commitments

The Group's operating lease commitments are related to the office premises.

The Group's operating lease commitments amounted to approximately HK$1.5 million and HK$1.8 million as at 31 March 2017 and 2018 respectively.

Capital Structure

The Shares were successfully listed on the Main Board of the Stock Exchange on the Listing Date. There has been no change in the capital structure of the Group since then. The share capital of the Company only comprises ordinary shares.

As at 31 March 2018, the Company had 270,000,000 Shares in issue.

Significant Investments

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

Material Acquisitions or Disposal of Subsidiaries, Associates or Joint Ventures

On 12 September 2017, the Group completed the Reorganisation, details of which are set out in note 1.2 to the consolidated financial statements in this announcement and the section headed "History, Development and Reorganisation — Reorganisation" in the Prospectus.

Subsequent to the completion of the Reorganisation and up to 31 March 2018, the Group did not have any acquisitions or disposals of subsidiaries, associates or joint ventures.

Future Plans for Material Investments and Capital Assets

Save as those disclosed under the section headed "Business — Business Strategies" in the Prospectus, 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 2017 and 2018.

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 2017 and 2018, none of the Group's assets were pledged.

Employees and Remuneration Policies

The total number of full-time employees were 82 and 94 as at 31 March 2017 and 2018, respectively. The Group's employee benefit expenses mainly included salaries, discretionary bonuses, medical insurance coverage, other staff benefits and contributions to retirement schemes. For the years ended 31 March 2017 and 2018, the Group's total employee benefit expenses (including Directors' emoluments) amounted to approximately HK$21.1 million and HK$24.5 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 Year 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	Planned to hire 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. Planned to invite selected key opinion leaders, advertising agencies and/or experts from different industries in Hong Kong to deliver seminars and training programmes relating to the business, operation and/or market development to the staff so as to keep the staff abreast to the latest market knowledge on a regular basis.
Upgrade IT infrastructure and procure equipment with advanced technologies to facilitate production efficiency	Obtaining fee quotations for the upgrade of the TVMost website, mobile application and the internal IT system of the Group and to procure new production equipment with advanced technologies.
Strengthen the efforts in events organisation to further extend the Group's marketing channels	Planned to recruit two new staff who have experience in events organisation.

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"). The table below sets out an adjusted allocation and the actual use of the Actual Net Proceeds for the Year.

Business strategies as set out in the Prospectus	The Actual Net Proceeds	Actual use of the Actual Net Proceeds For the Year
	HK$ million	*HK$ million*
Pursue growth through mergers and acquisitions and/or strategic alliance	15.19	–
Expand the customer base and business operations through sales and marketing effort	11.72	–
Upgrade IT infrastructure and procure equipment with advanced technologies to facilitate production efficiency	11.13	–
Strengthen the efforts in events organisation to further extend the Group's marketing channels	10.11	–
As working capital and for general corporate purposes	5.35	–
Total:	53.5	–

Since the Company was only listed on the Main Board of the Stock Exchange on 28 March 2018, the Company has not applied any proceeds for any purpose as at 31 March 2018.

Future Prospects

The Shares were successfully listed on the Main Board of the Stock Exchange on the Listing Date. The Board considers that such public listing status on the Stock Exchange allows the Company to enhance the Group's corporate profile and assists the Group in reinforcing brand awareness. In addition, the Directors believe that a public listing status on the Main Board is a mean of complementary advertising for the Group to potential investors and customers and can enhance its reputation and credibility with the public and potential business partners, given a public listed company's greater transparency, relevant regulatory supervision and stability in general.

The Group faces competition from other multinational media service players and also a large number of small and medium sized companies in the online advertising industry in Hong Kong in terms of brand recognition, quality of services, effectiveness of sales and marketing efforts, creativity in design and content, price, strategic relationships with customers and suppliers and retention of staff. In view of this challenging market condition, the Group is committed to keep up with changing technologies in the execution of engagements in order to ensure sustainable competitiveness.

DIVIDENDS

The Board does not recommend the payment of final dividend for the Year (2017: nil).

CLOSURE OF REGISTER OF MEMBERS

For determining the entitlement to attend and vote at the annual general meeting of the Company ("AGM") to be held on Thursday, 9 August 2018, the register of members of the Company will be closed from Friday, 3 August 2018 to Thursday, 9 August 2018, both dates inclusive, during which period no transfer of Shares will be effected. In order to be eligible to attend and vote at the AGM, all transfer documents accompanied by the relevant share certificates must be lodged with the Company's branch share registrar and transfer office in Hong Kong, Boardroom Share Registrars (HK) Limited, at 2103B, 21/F, 148 Electric Road, North Point, Hong Kong for registration not later than 4:30 p.m. on Thursday, 2 August 2018.

SIGNIFICANT EVENTS AFTER THE REPORTING PERIOD

There are no significant events affecting the Group after the Year and up to the date of this announcement.

PURCHASE, SALE OR REDEMPTION OF THE COMPANY'S LISTED SECURITIES

During the Year and up to the date of this announcement, save for the listing of the Shares on the Main Board of the Stock Exchange on the Listing Date, neither the Company nor any of its subsidiaries had purchased, sold or redeemed any of the listed securities of the Company.

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 from 28 March 2018, being the Listing Date, to 31 March 2018, the Company has complied with all the 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 from the Listing Date to the date of this announcement, and they have all confirmed that they had fully complied with the required standard set out in the Model Code.

AUDIT COMMITTEE

The Audit Committee was established on 2 March 2018 in compliance with Rule 3.21 of the Listing Rules with written terms of reference in compliance with the CG Code. The Audit Committee consists of Mr. Ho Kwong Yu, Mr. Leung Ting Yuk and Mr. Leung Wai Man. Currently, Mr. Ho Kwong Yu is the chairman of the Audit Committee.

The Audit Committee has reviewed the Group's audited consolidated financial statements for the Year.

SCOPE OF WORK OF PRICEWATERHOUSECOOPERS

The figures in respect of the Group's consolidated balance sheet, consolidated statement of comprehensive income and the related notes thereto for the Year as set out in this preliminary announcement have been agreed by the Group's auditor, PricewaterhouseCoopers, to the amounts set out in the Group's audited consolidated financial statements for the Year. The work performed by PricewaterhouseCoopers in this respect did not constitute an assurance engagement in accordance with Hong Kong Standards on Auditing, Hong Kong Standards on Review Engagements or Hong Kong Standards on Assurance Engagements issued by the Hong Kong Institute of Certified Public Accountants and consequently no assurance has been expressed by PricewaterhouseCoopers on this preliminary announcement.

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 annual report of the Company will be dispatched to the shareholders of the Company and published on above websites in due course.

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

Hong Kong, 29 May 2018

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