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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)

**ANNUAL RESULTS ANNOUNCEMENT
FOR THE YEAR ENDED 31 MARCH 2021**

FINANCIAL HIGHLIGHTS	Year ended 31 March	
	2021	2020
Revenue	HK\$59.1 million	HK\$76.9 million
Gross profit	HK\$21.7 million	HK\$32.2 million
Net profit	HK\$9.3 million	HK\$13.3 million
Basic earnings per share	HK3.46 cents	HK4.93 cents

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 2021 (the “Year”), together with the comparative figures for the previous financial year ended 31 March 2020 as follows:

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

		Year ended 31 March	
		2021	2020
	Note	HK\$'000	HK\$'000
Revenue	3	59,108	76,908
Cost of sales		<u>(37,396)</u>	<u>(44,758)</u>
Gross profit		21,712	32,150
Other income		6	69
Selling and distribution expenses		(4,008)	(5,420)
Administrative expenses		(12,116)	(14,285)
Reversal/(provision) of impairment losses on financial assets, net	6	<u>540</u>	<u>(382)</u>
		6,134	12,132
Finance income		299	1,088
Finance cost		<u>(97)</u>	<u>(99)</u>
Finance income, net		202	989
Share of profit of associates, net		<u>3,600</u>	<u>1,894</u>
Profit before income tax		9,936	15,015
Income tax expenses	4	<u>(593)</u>	<u>(1,708)</u>
Profit and total comprehensive income attributable to owners of the Company for the year		<u>9,343</u>	<u>13,307</u>
Basic and diluted earnings per share for profit attributable to owners of the Company (Hong Kong cents)	5	<u>3.46</u>	<u>4.93</u>

CONSOLIDATED BALANCE SHEET

		As at 31 March	
		2021	2020
	Note	HK\$'000	HK\$'000
ASSETS			
Non-current assets			
Property, plant and equipment		1,007	1,526
Right-of-use assets		1,670	2,126
Deposits		276	487
Investments in associates		9,842	6,982
		<u>12,795</u>	<u>11,121</u>
Current assets			
Inventories		745	628
Trade receivables	6	6,569	8,252
Prepayments and deposits		1,933	1,513
Current income tax recoverable		431	4,230
Cash and cash equivalents		84,356	80,807
		<u>94,034</u>	<u>95,430</u>
Total assets		<u>106,829</u>	<u>106,551</u>
EQUITY			
Equity attributable to owners of the Company			
Share capital		2,700	2,700
Share premium		67,028	67,028
Other reserves		997	997
Retained earnings		23,903	27,520
Total equity		<u>94,628</u>	<u>98,245</u>
LIABILITIES			
Non-current liabilities			
Lease liabilities		647	971
Deferred income tax liabilities		52	93
		<u>699</u>	<u>1,064</u>
Current liabilities			
Trade payables	7	616	196
Lease liabilities		1,069	1,188
Amount due to an associate		1,489	980
Other payables and accruals		2,459	1,939
Contract liabilities		3,908	1,598
Current income tax liabilities		1,961	1,341
		<u>11,502</u>	<u>7,242</u>
Total liabilities		<u>12,201</u>	<u>8,306</u>
Total equity and liabilities		<u>106,829</u>	<u>106,551</u>

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2021

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 from time to time) 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 (the “Shares”) are listed on the Main Board of The Stock Exchange of Hong Kong Limited (the “Stock Exchange”).

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, a company incorporated under the laws of British Virgin Islands (the “BVI”) with limited liability (“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.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

This note provides a list of the significant accounting policies adopted in the preparation of these consolidated financial statements. These policies have been consistently applied to all the years presented, unless otherwise stated. The financial statements are for the Group consisting of Most Kwai Chung Limited and its subsidiaries.

2.1 Basis of preparation

(i) *Compliance with HKFRSs and HKCO*

The consolidated financial statements of the Group have been prepared in accordance with Hong Kong Financial Reporting Standards (“HKFRSs”) and the disclosure requirements of the Hong Kong Companies Ordinance Cap. 622.

(ii) *Historical cost convention*

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

(iii) *New and amended standards adopted by the Group*

The Group has applied the following standards and amendments to the standards for the first time for their annual reporting period commencing 1 April 2020:

Amendments to HKFRS 3	Definition of a Business
Amendments to HKAS 1 and HKAS 8	Definition of Material
Amendments to HKAS 39, HKFRS 7 and HKFRS 9	Interest Rate Benchmark Reform — Phase 1
Conceptual Framework for Financial Reporting 2018	Revised Conceptual Framework for Financial Reporting

The amendments listed above did not have any impact on the amounts recognised in prior periods and are not expected to significantly affect the current or future periods.

(iv) *New standards and interpretations not yet adopted*

Certain new accounting standards, interpretations guidelines and amendments to the standards have been published that are not mandatory for the current reporting period and have not been early adopted by the Group.

		Effective for annual periods beginning on
HKFRS 17	Insurance Contract	1 January 2023
Amendments to HKFRS 10 and HKAS 28	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture	To be determined
Amendments to HKAS 1	Classification of Liabilities as Current or Non-Current	1 January 2023
Amendments to HKFRS 16	Covid-19-Related Rent Concessions	1 June 2020
Amendments to HKAS 39, HKFRS 4, HKFRS 7, HKFRS 9 and HKFRS 16	Interest Rate Benchmark Reform — Phase 2	1 January 2021
Amendments to Annual Improvements Project	Annual Improvements to HKFRSs 2018–2020	1 January 2022
Amendments to HKFRS 3, HKAS 16 and HKAS 37	Narrow-scope amendments	1 January 2022
Amendments to Accounting Guideline 5	Merger Accounting for Common Control Combinations	1 January 2022
Hong Kong Interpretation 5 (2020)	Presentation of Financial Statements — Classification by the Borrower of a Term Loan that Contains a Repayment on Demand Clause	1 January 2023

The Group is still assessing what the impact of the new standards, interpretations, guidelines and amendments to the standards will be in the period of initial application. It is not yet in a position to state whether these new standards, interpretation, guidelines and amendments to the standards will have a significant impact on the Group's results of operations and financial position.

3 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, the 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 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 2021

	Digital media services <i>HK\$'000</i>	Print media services <i>HK\$'000</i>	Other media services <i>HK\$'000</i>	Total <i>HK\$'000</i>
Revenue	46,952	1,061	15,069	63,082
Inter-segment transactions	(15)	–	(3,959)	(3,974)
Revenue from external customers	46,937	1,061	11,110	59,108
Segment profit/(loss) before income tax	2,842	(1,779)	5,084	6,147
Unallocated expenses				(13)
Finance income, net				202
Share of profit of associates, net				3,600
Income tax expenses				(593)
Profit for the year				9,343
Other information:				
Depreciation of property, plant and equipment	341	485	–	826
Depreciation of right-of-use assets	1,309	–	–	1,309

Year ended 31 March 2020

	Digital media services <i>HK\$'000</i>	Print media services <i>HK\$'000</i>	Other media services <i>HK\$'000</i>	Total <i>HK\$'000</i>
Revenue	58,004	3,593	17,315	78,912
Inter-segment transactions	–	–	(2,004)	(2,004)
Revenue from external customers	<u>58,004</u>	<u>3,593</u>	<u>15,311</u>	<u>76,908</u>
Segment profit before income tax	<u>3,002</u>	<u>23</u>	<u>11,157</u>	14,182
Unallocated expenses				(2,050)
Finance income				989
Share of profit of an associate				1,894
Income tax expenses				<u>(1,708)</u>
Profit for the year				<u>13,307</u>
Other information:				
Depreciation of property, plant and equipment	401	596	–	997
Depreciation of right-of-use assets	<u>467</u>	<u>694</u>	<u>–</u>	<u>1,161</u>

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 2021 is presented (2020: same).

The Group derives the following types of revenue and the timing of revenue recognition is as follows:

	2021 <i>HK\$'000</i>	2020 <i>HK\$'000</i>
Timing of revenue recognition		
At a point of time:		
Media services income	46,526	57,432
Sales of books	1,061	3,593
Performance income	11,110	15,311
	<u>58,697</u>	<u>76,336</u>
Timing of revenue recognition		
Over time:		
Media services income	<u>411</u>	<u>572</u>
	<u>59,108</u>	<u>76,908</u>

(i) **Significant changes in contract liabilities:**

Contract liabilities for receipts in advance from customers have increased by HK\$2,310,000 (2020: decreased by HK\$2,599,000) from prior year. The increase in 2021 was mainly due to new customers commitment from digital media services. The decrease in 2020 was mainly due to the fulfilment of the performance obligation in relation to an event, following by a lower level of receipt in advance from digital media services during the year.

(ii) **Revenue recognised in relation to contract liabilities**

The following table shows how much of the revenue recognised in the current reporting period relates to carried-forward contract liabilities.

	Year ended 31 March	
	2021	2020
	HK\$'000	HK\$'000
Revenue recognised that was included in the contract liabilities balance at the beginning of the period		
Media services and performance income contracts	<u>1,521</u>	<u>4,197</u>

All media services and performance income contracts are for periods of one year or less or are billed based on time incurred. As permitted under HKFRS 15, the transaction price allocated to these unsatisfied contracts is not disclosed.

4 INCOME TAX EXPENSES

	Year ended 31 March	
	2021	2020
	HK\$'000	HK\$'000
Current income tax — Hong Kong	636	1,755
Over provision for prior years	(2)	—
Deferred income tax	<u>(41)</u>	<u>(47)</u>
Income tax expenses	<u>593</u>	<u>1,708</u>

5 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	
	2021	2020
Profit attributable to owners of the Company during the year (HK\$'000)	<u>9,343</u>	<u>13,307</u>
Weighted average number of ordinary shares in issue	<u>270,000,000</u>	<u>270,000,000</u>
Basic earnings per share (Hong Kong cents)	<u>3.46</u>	<u>4.93</u>

(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.

6 TRADE RECEIVABLES

	As at 31 March	
	2021	2020
	HK\$'000	HK\$'000
Trade receivables	7,483	9,706
Less: provision for impairment of trade receivables	(914)	(1,454)
	<u>6,569</u>	<u>8,252</u>

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

Credit terms ranged between 30 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	
	2021	2020
	HK\$'000	HK\$'000
Within 2 months	3,432	5,346
2 to 4 months	1,885	583
4 to 6 months	1,140	94
Over 6 months	1,026	3,683
	<u>7,483</u>	<u>9,706</u>

The Group applies the simplified approach to provide for expected credit losses prescribed by HKFRS 9, 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.

Movement in the provision for impairment of trade receivables that are assessed for impairment are as follows:

	<i>HK\$'000</i>
As at 1 April 2019	1,072
Provisions for impairment recognised during the year	<u>382</u>
As at 31 March 2020 and 1 April 2020	1,454
Reversal of provision of impairment recognised during the year	<u>(540)</u>
As at 31 March 2021	<u><u>914</u></u>

The maximum exposure to credit risk is the carrying amounts of trade receivables. The Group does not hold any collateral as security.

7 TRADE PAYABLES

	As at 31 March	
	2021	2020
	HK\$'000	HK\$'000
Trade payables	<u>616</u>	<u>196</u>

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	
	2021	2020
	HK\$'000	HK\$'000
Within 1 month	342	171
1 to 2 months	183	21
2 to 3 months	84	4
Over 3 months	<u>7</u>	<u>–</u>
	<u>616</u>	<u>196</u>

8 DIVIDENDS

	Year ended 31 March	
	2021	2020
	HK\$'000	HK\$'000
Final dividend for the year ended 31 March 2020 of HK\$4.8 cents per share declared and paid (2019: HK\$5.2 cents per share)	<u>12,960</u>	<u>14,040</u>

The Board has recommended the payment of a final dividend of HK\$3.4 cents per share for the year ended 31 March 2021, totalling approximately HK\$9,180,000 based on a total 270,000,000 shares in issue as at 31 March 2021. The proposed final dividend will be subject to approval by the shareholders of the Company at the forthcoming annual general meeting. The financial statements for the year do not reflect them as dividends payable.

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 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 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 sale 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 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 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\$58.0 million for the year ended 31 March 2020 to approximately HK\$46.9 million for the Year, representing a decrease of approximately 19.1%. Segment profit before income tax was approximately HK\$3.0 million and HK\$2.8 million for the years ended 31 March 2020 and 2021 respectively. During the Year, the segment profit before income tax decreased due to the economic downturn. 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\$3.6 million and HK\$1.1 million for the years ended 31 March 2020 and 2021 respectively. Segment loss before income tax was approximately HK\$1.8 million for the Year (2020: segment profit before income tax of approximately HK\$23,000).

Other Media Services

Other media services represent events organisation and artistes management.

Revenue from the other media services was approximately HK\$15.3 million and HK\$11.1 million for the years ended 31 March 2020 and 2021 respectively. Segment profit before income tax was approximately HK\$11.2 million and HK\$5.1 million for the years ended 31 March 2020 and 2021 respectively.

Outlook

After the outbreak of Coronavirus Disease 2019 (“COVID-19 outbreak”) in early 2020, a series of precautionary and control measures have been and continued to be implemented across Hong Kong. Based on the assessment performed by the management, the impact of the COVID-19 outbreak to the Group’s businesses for the Year is not material. However, if the pandemic situation continues for an extended period, the Group’s business operations and financial results may be affected for the year ending 31 March 2022, possibly due to expected decline in revenue brought about by the overall economic downturn whose impact would be partly offset by the expected reduction in revenue related costs. Management is yet to be able to estimate the overall impact to the financial performance and position of the Group. Nonetheless, the Group will pay close attention to the development of the COVID-19 outbreak and continuously manage relevant resources and adjust its purchase and production activities in a timely manner to mitigate the potential adverse impact.

Financial Review

Revenue

Revenue of the Group decreased by approximately HK\$17.8 million or 23.1% from approximately HK\$76.9 million for the year ended 31 March 2020 to approximately HK\$59.1 million for the Year. The decrease was mainly attributable to the decrease in revenue from the digital media services segment and 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 costs of production), print media services (including staff 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 decreased to approximately HK\$37.4 million for the Year from approximately HK\$44.8 million for the year ended 31 March 2020, representing a decrease of approximately HK\$7.4 million or 16.5% during the Year.

Gross Profit and Gross Profit Margin

The gross profit of the Group decreased by approximately HK\$10.5 million or 32.6% from approximately HK\$32.2 million for the year ended 31 March 2020 to approximately HK\$21.7 million for the Year.

The overall gross profit margin of the Group was approximately 41.8% and 36.7% for the years ended 31 March 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\$5.4 million and approximately HK\$4.0 million for the years ended 31 March 2020 and 2021 respectively, representing a decrease by approximately HK\$1.4 million or 25.9%.

Administrative Expenses

Administrative expenses of the Group decreased from approximately HK\$14.3 million for the year ended 31 March 2020 to approximately HK\$12.1 million for the Year.

Finance Income, net

Finance income, net mainly represented deposit bank interest income received. Approximately HK\$1.1 million and HK\$0.3 million were received by the Group for the years ended 31 March 2020 and 2021 respectively.

Profit before Income Tax

During the years ended 31 March 2020 and 2021, the profit before income tax were approximately HK\$15.0 million and HK\$9.9 million respectively.

Income Tax Expenses

The income tax expenses were approximately HK\$1.7 million and HK\$0.6 million for the years ended 31 March 2020 and 2021 respectively. The effective tax rate for the year ended 31 March 2020 was approximately 11.3%. For the Year, the Group recorded an effective tax rate of approximately 6.1%.

Liquidity and Financial Resources

During the Year, the Group's operation and capital requirements were financed principally through the operating activities. As at 31 March 2020 and 2021, the Group had net current assets of approximately HK\$88.2 million and HK\$82.5 million, respectively, including cash and cash equivalents of approximately HK\$80.8 million and HK\$84.4 million respectively. The Group's current ratio (current assets divided by current liabilities) decreased from approximately 13.2 as at 31 March 2020 to approximately 8.2 as at 31 March 2021. Such decrease was mainly due to the increase in contract liabilities for the Year. The Group's gearing ratio as at 31 March 2020 and 2021 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 2021, the Group's gearing ratio was nil (2020: 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 of 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 31 March 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 shares of the Company on the Main Board of The Stock Exchange of Hong Kong Limited (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 acquisitions or disposal of subsidiaries, associates, or joint ventures during the Year.

Investments

On 31 August 2020, a subsidiary of the Company and an independent third party incorporated Cafe de Jar Gor (2nd) Limited ("Cafe de Jar Gor (2nd)"). The subsidiary of the Company subscribed for 49% of equity interest in Cafe de Jar Gor (2nd) through payment of a consideration amounting to approximately HK\$1.5 million.

Save as disclosed herein, during the Year, the Group did not make any investments.

Future Plans for Material Investments and Capital Assets

Save as those disclosed 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 2020 and 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 a foreign currency hedging policy, but the Group's management continuously monitors its foreign exchange exposure.

Pledge of Assets

As at 31 March 2020 and 2021, none of the Group's assets were pledged.

Employees and Remuneration Policies

The total number of full-time employees were 103 and 99 as at 31 March 2020 and 2021, respectively. The Group's employee benefit expenses mainly included salaries, discretionary bonuses, commissions, medical insurance coverage, other staff benefits and contributions to retirement schemes. For the years ended 31 March 2020 and 2021, the Group's total employee benefit expenses (including Directors' emoluments) amounted to approximately HK\$32.2 million and HK\$25.7 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

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 in events organisation during the Year. Although new sales executives and marketing staff were hired, it is expected that more sales executives and marketing staff will be hired for our 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. The upgrade of the TVMost website and mobile application will be fine-tuned from time to time due to rapid change of social media trends. As a result, services provider for upgrading the website and mobile application is under selection.

**Business strategies
as stated in the Prospectus**

**Actual business progress
up to the date of this announcement**

Strengthen the efforts in events organisation to further extend the Group’s marketing channels

Held six events in total in form of live performance since the Listing.

USE OF PROCEEDS

The Shares have been successfully listed on the Main Board of the Stock Exchange on the 28 March 2018 (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”). 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 an adjusted allocation and the actual use of the Actual Net Proceeds up to 31 March 2021.

	Original allocation of Actual Net Proceeds (as per the Interim Report 2020/21) <i>HK\$ million</i>	Revised allocation of Actual Net Proceeds after Change in Allocation of Proceeds <i>HK\$ million</i>	Unutilised amount after Change in Allocation of Proceeds <i>HK\$ million</i>	Actual use of the Actual Net Proceeds from Listing Date to 31 March 2021 <i>HK\$ million</i>	Unutilised proceeds as at 31 March 2021 <i>HK\$ million</i>	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	–	5.35	By 31 March 2023
Expand the customer base and business operations through sales and marketing efforts	11.72	10.70	2.87	7.96	2.74	By 31 March 2023
Upgrade IT infrastructure and procure equipment with advanced technologies to facilitate production efficiency	11.13	2.68	1.36	1.53	1.15	By 31 March 2023
Strengthen the efforts in events organisation to further extend the Group’s marketing channels	10.11	16.05	5.94	10.11	5.94	By 31 March 2023
As working capital and for general corporate purposes	5.35	18.72	13.37	5.65	13.07	By 31 March 2023
Total	53.50	53.50	28.89	25.25	28.25	

As at 31 March 2021, all unutilised proceeds of approximately HK\$28.25 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.

As for the pursuit of growth through mergers and acquisitions and/or strategic alliance, during the period since the Listing Date and up to 31 March 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 announcement, all of such discussions were terminated and no formal agreement was entered into in this regard. Subsequent to 31 March 2021 and up to the date of this announcement, 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 31 March 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 announcement due to the rapid change of social media trends.

Future Prospects

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.

FINAL DIVIDEND

The Board has recommended the payment of a final dividend of HK3.4 cents per Share for the Year (2020: HK4.8 cents), totaling approximately HK\$9.2 million based on a total of 270,000,000 Shares in issue as at the date of this announcement (2020: HK\$13 million). The proposed final dividend, subject to approval of the shareholders of the Company at the annual general meeting (“AGM”) to be held on Thursday, 19 August 2021, will be expected to be payable on or around Tuesday, 12 October 2021 to the shareholders whose names appear on the register of members of the Company on Friday, 27 August 2021.

CLOSURE OF REGISTER OF MEMBERS

For determining the entitlement to attend and vote at the AGM to be held on Thursday, 19 August 2021, the register of members of the Company will be closed from Friday, 13 August 2021 to Thursday, 19 August 2021, 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, 12 August 2021.

To ascertain shareholders' entitlements to the final dividend, the register of members of the Company will be closed from Thursday, 26 August 2021 to Friday, 27 August 2021, both days inclusive. In order to qualify for the final dividend, all completed transfer forms 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 Wednesday, 25 August 2021.

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 LISTED SECURITIES OF THE COMPANY

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

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 Rules Governing the Listing of Securities (the "Listing Rules") on the Stock Exchange. The Company has complied with all the Code Provisions of the CG Code throughout the Year.

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 and they have all confirmed that they had fully complied with the required standard set out in the Model Code throughout the Year.

AUDIT COMMITTEE

The audit committee of the Company (the “Audit Committee”) was established 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 comprises three independent non-executive Directors, namely Mr. Ho Kwong Yu, Mr. Leung Wai Man and Mr. Leung Ting Yuk.

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 ended 31 March 2021 as set out in the 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 the 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, 28 June 2021

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.