

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 2022**

FINANCIAL HIGHLIGHTS	Year ended 31 March	
	2022	2021
Revenue	HK\$67.8 million	HK\$59.1 million
Gross profit	HK\$9.9 million	HK\$21.7 million
Net (loss)/profit	(HK\$18.5 million)	HK\$9.3 million
Basic (loss)/earnings per share	(HK6.05 cents)	HK3.46 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 2022 (the “Year”), together with the comparative figures for the previous financial year ended 31 March 2021 as follows:

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

		Year ended 31 March	
		2022	2021
	<i>Note</i>	HK\$'000	HK\$'000
Revenue	3	67,775	59,108
Cost of sales		<u>(57,841)</u>	<u>(37,396)</u>
Gross profit		9,934	21,712
Other income		51	6
Selling and distribution expenses		(3,832)	(4,008)
Administrative expenses		(24,433)	(12,116)
(Provision for)/reversal of impairment losses on trade receivables, net	6	<u>(812)</u>	<u>540</u>
Operating (loss)/profit		(19,092)	6,134
Finance income		33	299
Finance costs		<u>(86)</u>	<u>(97)</u>
Finance (costs)/income, net		(53)	202
Share of profit of associates, net		1,135	3,600
Share of loss of a joint venture		<u>(379)</u>	<u>–</u>
(Loss)/profit before income tax		(18,389)	9,936
Income tax expense	4	<u>(136)</u>	<u>(593)</u>
(Loss)/profit and total comprehensive (loss)/income for the year		<u>(18,525)</u>	<u>9,343</u>
Attributable to:			
Owners of the Company		(16,325)	9,343
Non-controlling interests		<u>(2,200)</u>	<u>–</u>
		<u>(18,525)</u>	<u>9,343</u>
Basic and diluted (loss)/earnings per share for (loss)/profit attributable to owners of the Company (Hong Kong cents)	5	<u>(6.05)</u>	<u>3.46</u>

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

		As at 31 March	
		2022	2021
	<i>Note</i>	HK\$'000	HK\$'000
ASSETS			
Non-current assets			
Property, plant and equipment		1,562	1,007
Right-of-use assets		1,255	1,670
Deposits		151	276
Interests in associates		8,299	9,842
Interest in a joint venture		321	–
		11,588	12,795
Current assets			
Inventories		1,290	745
Trade receivables	6	6,673	6,569
Prepayments, deposits and other receivables		1,758	1,933
Amount due from non-controlling interest		1,600	–
Current income tax recoverable		981	431
Cash and cash equivalents		64,307	84,356
		76,609	94,034
Total assets		88,197	106,829
EQUITY			
Capital and reserves			
Share capital		2,700	2,700
Reserves		73,376	91,928
		76,076	94,628
Equity attributable to owners of the Company		76,076	94,628
Non-controlling interests		1,000	–
		77,076	94,628
Total equity		77,076	94,628

		As at 31 March	
		2022	2021
	<i>Note</i>	HK\$'000	HK\$'000
LIABILITIES			
Non-current liabilities			
Lease liabilities		455	647
Deferred income tax liabilities		–	52
		<u>455</u>	<u>699</u>
Current liabilities			
Trade payables	7	723	616
Lease liabilities		733	1,069
Amount due to an associate		1,489	1,489
Other payables and accruals		4,514	2,459
Contract liabilities		2,953	3,908
Current income tax liabilities		254	1,961
		<u>10,666</u>	<u>11,502</u>
Total liabilities		<u>11,121</u>	<u>12,201</u>
Total equity and liabilities		<u><u>88,197</u></u>	<u><u>106,829</u></u>

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2022

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, Umland House, Grand Cayman, KY1-1104, Cayman Islands and its principal place of business has been changed from Unit 5, 1/F, Block B, Tung Chun Industrial Building, 11–13 Tai Yuen Street, Kwai Chung, New Territories, Hong Kong to Unit 8, 16/F, Block B, Tung Chun Industrial Building, 11–13 Tai Yuen Street, Kwai Chung, New Territories, Hong Kong on 14 June 2022. The ordinary shares of the Company are listed on the Main Board of The Stock Exchange of Hong Kong Limited.

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

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

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

2 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 consolidated financial statements are for the Group consisting of the Company and its subsidiaries.

2.1 Basis of preparation of the consolidated financial statements

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.

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

(a) Amendments to standards adopted by the Group

The Group has applied the following amendments to standards for the first time for their annual reporting period commencing on 1 April 2021 and there are no material impact on the Group’s consolidated financial statements.

Amendment to HKFRS 16	Covid-19-Related Rent Concession
Amendment to HKFRS 16	Covid-19-Related Rent Concession beyond 30 June 2021
Amendments to HKFRS 9, HKAS 39, HKFRS 7, HKFRS 4 and HKFRS 16	Interest Rate Benchmark Reform — Phase 2

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

The following new standards, amendments to the standards and interpretations have been published that are not mandatory for the current reporting periods and have not been early adopted by the Group:

HKFRS 17	Insurance Contracts ²
Amendments to HKAS 16	Property, Plant and Equipment: Proceeds before intended use ¹
Amendments to HKFRS 3	Reference to the Conceptual Framework ¹
Amendments to HKAS 37	Onerous Contracts — Cost of Fulfilling a Contract ¹
Annual Improvements Project	Annual Improvements to HKFRSs 2018–2020 ¹
Amendments to HKAS 1	Classification of Liabilities as Current or Non-current ²
Amendments to HKAS 1 and HKFRS Practice Statement 2	Disclosure of Accounting Policies ²
Amendments to HKAS 8	Definition of Accounting Estimates ²
Amendments to HKAS 12	Deferred Tax related to Assets and Liabilities arising from a Single Transaction ²
Amendments to HKFRS 10 and HKAS 28	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture ³
Accounting Guideline 5 (Revised)	Merger Accounting for Common Control Combinations ¹
Hong Kong Interpretation 5 (2020)	Presentation of Financial Statements — Classification by the Borrower of a Term Loan that Contains a Repayment on Demand Clause ²

¹ Effective for annual periods beginning on or after 1 January 2022.

² Effective for annual periods beginning on or after 1 January 2023.

³ No mandatory effective date yet determined but available for adoption.

The Group is still assessing what the impact of these new standard, amendments to the standards and interpretation will be in the period of initial application. It is not yet in a position to state whether these new standard, amendments to the standards and interpretation 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, 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 results before income tax. The segment information provided to the CODM for the reportable segments is as follows:

	2022			
	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	42,475	1,510	28,407	72,392
Inter-segment transactions	(310)	–	(4,307)	(4,617)
Revenue from external customers	<u>42,165</u>	<u>1,510</u>	<u>24,100</u>	<u>67,775</u>
Segment loss before income tax	(16,562)	(1,645)	(184)	(18,391)
Unallocated expenses				(701)
Finance costs, net				(53)
Share of profit of associates, net				1,135
Share of loss of a joint venture				(379)
Income tax expense				(136)
Loss for the year				<u>(18,525)</u>
Other information:				
Depreciation of property, plant and equipment	201	635	–	836
Depreciation of right-of-use assets	1,149	–	–	1,149
Finance costs related to leases liabilities	86	–	–	86
Inventories write off	–	272	–	272

	2021			Total HK\$'000
	Digital media services HK\$'000	Print media services HK\$'000	Other media services HK\$'000	
Revenue	46,952	1,061	15,069	63,082
Inter-segment transactions	(15)	–	(3,959)	(3,974)
Revenue from external customers	<u>46,937</u>	<u>1,061</u>	<u>11,110</u>	<u>59,108</u>
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 expense				(593)
Profit for the year				<u>9,343</u>
Other information:				
Depreciation of property, plant and equipment	341	485	–	826
Depreciation of right-of-use assets	1,309	–	–	1,309
Finance costs related to leases liabilities	97	–	–	97
Inventories write off	–	177	–	177

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 years ended 31 March 2022 and 2021 is presented.

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

	2022 HK\$'000	2021 HK\$'000
At a point of time:		
Media services income	37,721	46,526
Sales of books and merchandise goods	2,227	1,061
Performance income	<u>23,383</u>	<u>11,110</u>
	<u>63,331</u>	<u>58,697</u>
Over time:		
Media services income	<u>4,444</u>	<u>411</u>
	<u>67,775</u>	<u>59,108</u>

(a) Changes in contract liabilities

Contract liabilities for receipts in advance from customers have decreased by HK\$955,000 (2021: increased by HK\$2,310,000) from prior year. The decrease in 2022 was mainly due to the fulfilment of the performance obligation of digital media services during the year. The increase in 2021 was mainly due to new customers commitment from digital media services.

(b) Revenue recognised in relation to contract liabilities

The following table shows the amount of revenue recognised during the year that was included in the contract liabilities balance at the beginning of the year.

	2022 <i>HK\$'000</i>	2021 <i>HK\$'000</i>
Media services and performance income contracts	<u>2,951</u>	<u>1,521</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 EXPENSE

	2022 <i>HK\$'000</i>	2021 <i>HK\$'000</i>
Current income tax — Hong Kong	218	636
Over provision for prior years	(30)	(2)
Deferred income tax	(52)	(41)
	<u>136</u>	<u>593</u>

5 (LOSS)/EARNINGS PER SHARE

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

	2022	2021
(Loss)/profit attributable to owners of the Company during the year (<i>HK\$'000</i>)	<u>(16,325)</u>	<u>9,343</u>
Weighted average number of ordinary shares in issue	<u>270,000,000</u>	<u>270,000,000</u>
Basic (loss)/earnings per share (Hong Kong cents)	<u>(6.05)</u>	<u>3.46</u>

The Company did not have any potential dilutive shares throughout the years, accordingly, diluted (loss)/earnings per share is same as the basic (loss)/earnings per share.

6 TRADE RECEIVABLES

	2022 <i>HK\$'000</i>	2021 <i>HK\$'000</i>
Trade receivables	7,533	7,483
Less: provision for impairment of trade receivables	<u>(860)</u>	<u>(914)</u>
	<u>6,673</u>	<u>6,569</u>

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:

	2022 <i>HK\$'000</i>	2021 <i>HK\$'000</i>
Within 2 months	3,578	3,432
2 to 4 months	894	1,885
4 to 6 months	678	1,140
Over 6 months	<u>2,383</u>	<u>1,026</u>
	<u>7,533</u>	<u>7,483</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 by due dates.

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 2020	1,454
Reversal of provision of impairment recognised during the year	<u>(540)</u>
As at 31 March 2021 and 1 April 2021	914
Provision of impairment recognised during the year	812
Written off	<u>(866)</u>
As at 31 March 2022	<u>860</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

	2022 <i>HK\$'000</i>	2021 <i>HK\$'000</i>
Within 1 month	542	342
1 to 2 months	4	183
2 to 3 months	174	84
Over 3 months	3	7
	<u>723</u>	<u>616</u>

8 DIVIDEND

	2022 <i>HK\$'000</i>	2021 <i>HK\$'000</i>
Final dividend for the year ended 31 March 2021 of HK\$3.4 cents per share (2020: final dividend for the year ended 31 March 2020 of HK\$4.8 cents per share) declared and paid	<u>9,180</u>	<u>12,960</u>

The directors do not recommend the payment of any dividend in respect of the year ended 31 March 2022.

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 managed by the Group and other platforms, such as third parties’ TV channels, the internet and physical advertising spaces, subject to the needs of the customers.

Revenue from the digital media services decreased from approximately HK\$46.9 million for the year ended 31 March 2021 to approximately HK\$42.2 million for the Year, representing a decrease of approximately 10.0%. Segment profit before income tax was approximately HK\$2.8 million for the year ended 31 March 2021 and segment loss before income tax was approximately HK\$16.6 million for the Year. During the Year, the turn from segment profit before income tax to segment loss before income tax was mainly due to the (i) decrease in revenue from the digital media services; (ii) decrease in gross profit margin; and (iii) increase in staff costs including the cost for the share awards to selected employees. 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\$1.1 million and HK\$1.5 million for the years ended 31 March 2021 and 2022 respectively. Segment loss before income tax was approximately HK\$1.8 million and HK\$1.6 million for the years ended 31 March 2021 and 2022 respectively.

Other Media Services

Other media services represent events organisation and artistes management.

Revenue from the other media services was approximately HK\$11.1 million and HK\$24.1 million for the years ended 31 March 2021 and 2022 respectively. Segment profit before income tax was approximately HK\$5.1 million for the years ended 31 March 2021 and segment loss before income tax was HK\$0.2 million for the Year.

During the Year, the turn from segment profit before income tax to segment loss before income tax was mainly due to (i) decrease in gross profit margin; and (ii) increase in administrative expenses of e-commerce business.

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 2023, 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 increased by approximately HK\$8.7 million or 14.7% from approximately HK\$59.1 million for the year ended 31 March 2021 to approximately HK\$67.8 million for the Year. The increase was mainly attributable to the increase in revenue from other media services segment and partly offset by the decrease in revenue from the digital media services segment.

Cost of Sales

The Group’s cost of sales comprises direct cost incurred for the digital media services (mainly include staff costs and costs of production), print media services (mainly include staff costs, cost of inventories, inventories written off, royalties and other production costs) and other media services (mainly include staff costs and other costs incurred during organisation of events). The cost of sales increased to approximately HK\$57.8 million for the Year from approximately HK\$37.4 million for the year ended 31 March

2021, representing an increase of approximately HK\$20.4 million or 54.5% during the Year. The increase was mainly due to (i) increase in costs for organization of event by approximately HK\$12.3 million; and (ii) increase in staff costs by approximately HK\$4.9 million.

Gross Profit and Gross Profit Margin

The gross profit of the Group decreased by approximately HK\$11.8 million or 54.4% from approximately HK\$21.7 million for the year ended 31 March 2021 to approximately HK\$9.9 million for the Year. The decrease was mainly due to decrease in gross profit of digital media services segment.

The overall gross profit margin of the Group was approximately 36.7% and 14.6% for the years ended 31 March 2021 and 2022, respectively. The decrease in gross profit margin was mainly due to the decrease in gross profit margin of digital media services segment.

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\$4.0 million and approximately HK\$3.8 million for the years ended 31 March 2021 and 2022 respectively, representing a decrease by approximately HK\$0.2 million or 5.0%.

Administrative Expenses

Administrative expenses of the Group increased from approximately HK\$12.1 million for the year ended 31 March 2021 to approximately HK\$24.4 million for the Year, representing an increase by approximately HK\$12.3 million or 101.7%. The significant increase was mainly due to (i) increase in staff costs including the cost for the share awards to selected employees by approximately HK\$9.0 million; and (ii) increase in administrative expenses of e-commerce business by approximately HK\$4.1 million. The staff costs increased significantly was mainly attributable to (a) there being approximately HK\$5.3 million subsidy granted to the Group for the year ended 31 March 2021 under the HKSAR Government's Employment Support Scheme, among which approximately HK\$1.3 million was allocated to administrative expenses, however, the Group did not obtain any such subsidy for the Year; and (b) there being approximately HK\$7.0 million cost incurred for the award of shares to selected employees in view of the undertakings given by Mr. Iu and Mr. Luk to Mr. Tsui for the share in Blackpaper Limited sold by Mr. Tsui during the Year, among which approximately HK\$5.2 million was allocated to administrative expenses.

Finance Income

Finance income mainly represented deposit bank interest income received. Approximately HK\$0.3 million and HK\$33,000 were received by the Group for the years ended 31 March 2021 and 2022 respectively. The decrease was mainly due to there being no bank interest income received from time deposit for the Year.

(Loss)/Profit before Income Tax

During the years ended 31 March 2021 and 2022, the profit before income tax was approximately HK\$9.9 million and the loss before income tax was approximately HK\$18.4 million, respectively. During the Year, the turn from profit before income tax to loss before income tax was mainly due to the combined effects of (i) there being approximately HK\$7.0 million cost incurred for the award of shares to selected employees in view of the undertakings given by Mr. Iu and Mr. Luk to Mr. Tsui for the share in Blackpaper Limited sold by Mr. Tsui during the Year; (ii) there being approximately HK\$5.3 million subsidy granted to the Group for the year ended 31 March 2021 under the HKSAR Government's Employment Support Scheme, however, the Group did not obtain any such subsidy for the Year; (iii) an increase in administrative expenses of e-commerce business by approximately HK\$4.1 million; (iv) a decrease in share of profit of associates by approximately HK\$2.5 million; (v) a decrease in revenue of digital media services by approximately HK\$4.7 million and a decrease in gross profit margin.

Income Tax Expense

The income tax expense was approximately HK\$0.6 million and HK\$0.1 million for the years ended 31 March 2021 and 2022 respectively.

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 2021 and 2022, the Group had net current assets of approximately HK\$82.5 million and HK\$65.9 million, respectively, including cash and cash equivalents of approximately HK\$84.4 million and HK\$64.3 million respectively. The Group's current ratio (current assets divided by current liabilities) decreased from approximately 8.2 as at 31 March 2021 to approximately 7.2 as at 31 March 2022. Such decrease was mainly due to the decrease in cash and cash equivalents for the Year. The Group's gearing ratio as at 31 March 2021 and 2022 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 2022, the Group's gearing ratio was nil (2021: nil).

Treasury Policies

The Group adopts prudent treasury policies. The Group has monitoring procedures to ensure that follow-up action is taken to recover overdue debts. In addition, management reviews regularly the recoverable amount of each individual trade receivable by taking into account the market conditions, customers' profiles and contractual terms to ensure that adequate provision 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 2022, the Company had 270,000,000 Shares in issue. There has been no change in the capital structure of the Group since the listing of 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 material acquisitions or disposal of subsidiaries, associates, or joint ventures during the Year.

Significant Investments Held

The Group did not hold any significant investment during the Year.

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 2022.

Foreign Exchange Exposure

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

Pledge of Assets

As at 31 March 2022, none of the Group’s assets were pledged.

Employees and Remuneration Policies

The total number of full-time employees were 99 and 77 as at 31 March 2021 and 2022, 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 2021 and 2022, the Group’s total employee benefit expenses (including Directors’ emoluments) amounted to approximately HK\$25.7 million and HK\$38.7 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	<p>Hired additional sales executives to support the business growth in digital media services segment.</p> <p>Recruited marketing staff to assist in conducting pitching activities to build up and strengthen relationship with a broader customer base.</p> <p>The Company focused on events organisation during the 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.</p>
Upgrade IT infrastructure and procure equipment with advanced technologies to facilitate production efficiency	Upgraded the internal IT system of the Group and procured new production equipment with advanced technologies. 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.
Strengthen the efforts in events organisation to further extend the Group's marketing channels	Held seven events in total in form of live performance since 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 2022.

Business strategies as stated in the Prospectus	Original allocation of Actual Net Proceeds from the Listing	Change in Allocation of Proceeds on 17 March 2021	Revised allocation of Actual Net Proceeds after Change in Allocation of Proceeds as at 17 March 2021	Actual uses of the Actual Net Proceeds as at 31 March 2021	Unutilised proceeds as at 31 March 2021	Actual uses of the Actual Net Proceeds from 1 April 2021 to 31 March 2022	Unutilised proceeds as at 31 March 2022	Expected timeline for the application of the unutilised proceeds
	HK\$ million	HK\$ million	HK\$ million	HK\$ million	HK\$ million	HK\$ million	HK\$ million	
Pursue growth through mergers and acquisitions and/or strategic alliance	15.19	(9.84)	5.35	–	5.35	–	5.35	By 31 March 2023
Expand the customer base and business operations through sales and marketing efforts	11.72	(1.02)	10.70	7.96	2.74	2.74	–	N/A
Upgrade IT infrastructure and procure equipment with advanced technologies to facilitate production efficiency	11.13	(8.45)	2.68	1.53	1.15	0.41	0.74	By 31 March 2023
Strengthen the efforts in events organisation to further extend the Group’s marketing channels	10.11	5.94	16.05	10.11	5.94	5.94	–	N/A
As working capital and for general corporate purposes	5.35	13.37	18.72	5.65	13.07	7.62	5.45	By 31 March 2023
Total	53.50	–	53.50	25.25	28.25	16.71	11.54	

As at 31 March 2022, all unutilised proceeds of approximately HK\$11.54 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 2022, 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 2022 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 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 does not recommend the payment of a final dividend for the Year (2021: HK3.4 cents per share).

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 Tuesday, 30 August 2022, the register of members of the Company will be closed from Thursday, 25 August 2022 to Tuesday, 30 August 2022, 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 Wednesday, 24 August 2022.

SIGNIFICANT EVENTS AFTER THE REPORTING PERIOD

There was 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 the principles 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 D3 (equivalent to previous code provision 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.

CHANGE OF AUDITOR

Pricewaterhouse Coopers (“PwC”) has resigned as the auditor of the Company with effect from 15 October 2021. Following the resignation of PwC, the Board, with the recommendation of the Audit Committee, has resolved to appoint Baker Tilly Hong Kong Limited (“Baker Tilly”) as the external auditor of the Company with effect from 15 October 2021 to fill the vacancy following the resignation of PwC and to hold office until the conclusion of the next annual general meeting of the Company.

For further details of the change of auditor, please refer to the announcement of the Company dated 15 October 2021.

SCOPE OF WORK OF BAKER TILLY

The figures in respect of the Group’s consolidated statement of financial position, consolidated statement of profit or loss and other comprehensive income and the related notes thereto for the year ended 31 March 2022 as set out in the preliminary announcement have been agreed by the Group’s auditor, Baker Tilly, to the amounts set out in the Group’s audited consolidated financial statements for the Year. The work performed by Baker Tilly 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 Baker Tilly 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, 27 June 2022

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