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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)**

**DISCLOSEABLE AND CONNECTED TRANSACTIONS  
IN RELATION TO  
FORMATION OF JOINT VENTURES  
AND  
PROVISION OF FINANCIAL ASSISTANCE**

**Financial adviser to the Company**

**RAINBOW.**

RAINBOW CAPITAL (HK) LIMITED  
溢博資本有限公司

**FORMATION OF JOINT VENTURES**

On 19 November 2021, MCBL, an indirect wholly-owned subsidiary of the Company, HBL and the HBL Shareholders entered into:

- (i) Shareholders' Agreement I in relation to the formation of Mofargo which will primarily engage in the operation of an online platform ([www.mofargo.com](http://www.mofargo.com)) for the sale of apparel and related products from brands overseas; and
- (ii) Shareholders' Agreement II in relation to the formation of Bad Ltd. which will primarily engage in the sale of ingenious homemade gift sets comprising a wide range of products on its online channel ([www.badltd.com](http://www.badltd.com)), so as to provide the public with more diverse and interesting gift ideas.

Each of the JV Companies remains to be an indirect non-wholly owned subsidiary of the Company and its financial results will be consolidated into the financial statements of the Group.

## **PROVISION OF FINANCIAL ASSISTANCE**

Pursuant to the terms of Shareholders' Agreement II, in the event that the working capital of Bad Ltd. is insufficient to meet the demands of its normal business operations and additional funding is required, each of MCBL and HBL shall use its reasonable endeavours to make available to Bad Ltd. the Shareholders Loans in the amount of not exceeding HK\$2,400,000 and HK\$1,600,000, respectively.

On 19 November 2021, Blackpaper, an indirect wholly-owned subsidiary of the Company, entered into the HBL Loan Agreement with HBL and the HBL Shareholders, pursuant to which Blackpaper has agreed to provide the HBL Back-to-Back Loan to HBL in the amount of HK\$1,600,000 at an interest rate of 1.5% per annum for the sole purpose of HBL providing the HBL Shareholder Loan to Bad Ltd.

## **LISTING RULES IMPLICATIONS**

As one or more of the applicable percentage ratio(s) (as defined in Rule 14.07 of the Listing Rules) in respect of the Transactions in aggregate exceeds 5% but is less than 25%, the Transactions constitute discloseable transactions for the Company and are subject to the reporting and announcement requirements under Chapter 14 of the Listing Rules.

As at the date of this announcement, each of the JV Companies is an indirect non-wholly owned subsidiary of the Company which is held as to 60% by MCBL and 40% by HBL. As HBL is a substantial shareholder of the subsidiaries of the Company, HBL is a connected person of the Company under Chapter 14A of the Listing Rules and the Transactions constitute connected transactions of the Company under Chapter 14A of the Listing Rules.

By virtue of Rule 14A.101 of the Listing Rules, since (i) HBL is a connected person at the subsidiary level; (ii) the Board has approved the Transactions; and (iii) the independent non-executive Directors have confirmed that the terms of the Transactions are fair and reasonable, the Transactions are on normal commercial terms or better and in the interests of the Company and its Shareholders as a whole, the Transactions are subject to the reporting and announcement requirements but are exempt from the circular, independent financial advice and independent Shareholders' approval requirements under Chapter 14A of the Listing Rules.

## **FORMATION OF JOINT VENTURES**

On 19 November 2021, MCBL, an indirect wholly-owned subsidiary of the Company, HBL and the HBL Shareholders entered into (i) Shareholders' Agreement I with JV Company I to govern the relationship between MCBL and HBL as shareholders of JV Company I; and (ii) Shareholders' Agreement II with JV Company II to govern the relationship between MCBL and HBL as shareholders of JV Company II.

## SHAREHOLDERS' AGREEMENTS

The principal terms of each of the Shareholders' Agreements are set out below.

### Shareholders' Agreement I

Shareholding : JV Company I shall be owned as to 60% by MCBL and 40% by HBL.

Capital commitment : As at the date of this announcement, JV Company I has an issued share capital of HK\$4,000,000 divided into 4,000,000 shares of HK\$1.00 each, with MCBL and HBL holding 2,400,000 shares and 1,600,000 shares, representing 60% and 40% of all the issued shares, respectively.

The capital of HK\$4,000,000 shall be contributed in cash as to HK\$2,400,000 by MCBL and HK\$1,600,000 by HBL and shall be paid up using immediately available fund within 60 Business Days upon signing of Shareholders' Agreement I.

Failure to provide its share of the initial capital contribution by any shareholder shall constitute a material breach of its obligation, and such defaulting party may be required to sell all of its shares to the non-defaulting party or acquire all of the shares held by the non-defaulting party in accordance with the terms outlined in "Shareholders' Agreement I — Liability for default" below.

Business scope : JV Company I will principally engage in the operation of an online platform ([www.mofargo.com](http://www.mofargo.com)) for the sale of apparel and related products from brands overseas.

Management of JV Company I : The board of directors of JV Company I shall comprise not more than three directors out of which two directors shall be nominated by MCBL and one director shall be nominated by HBL.

The chairman of the board of directors shall be a director nominated by MCBL who shall take the chair at any meeting of the board of directors, and in the event of an equality of votes in a meeting of the board of directors, the chairman of the meeting shall have a casting vote.

Certain matters of JV Company I are subject to the unanimous approval of all directors of JV Company I, such as appointment and termination of the employment of certain members of the senior management, adoption of the business plan and any amendments thereto, prepayment of JV Company I's loans or indebtedness and the grant of loans to the directors or shareholders of JV Company I.

Certain matters of JV Company I are subject to the unanimous approval of all shareholders of JV Company I, such as amendment to the memorandum and articles of association of JV Company I, material change in the business operation and increase, reduction or other alteration of the share capital of JV Company I.

In the event that at three consecutive board meetings or shareholders' meetings (as the case may be), (i) a directors' resolution or shareholders' resolution (as the case may be) fails to be passed by the directors or shareholders (as the case may be); or (ii) the required quorum is not present, the shareholders of JV Company I shall endeavor to resolve the deadlock within 60 days from the date a written notice (the "**Deadlock Notice**") is served by a director or shareholder (as the case may be) of JV Company I after the third relevant meeting was held, failing which MCBL shall have the right to purchase all shares held by the other shareholders at a price to be agreed in accordance with the mechanism set out in Shareholders' Agreement I. If MCBL does not exercise such rights within 90 days from the date of the Deadlock Notice, all shareholders shall be obligated to take steps for the voluntary winding up of JV Company I.

Dividend policy : The amount of dividend to be distributed to the shareholders of JV Company I in each financial year shall, in proportion to their respective shareholding, be the maximum amount of profits available as permitted to be distributed by the relevant law, subject to reasonable and proper reserves being retained for capital expenditure and working capital requirements of JV Company I as determined by its shareholders.

Anti-dilution/Priority subscription right : In the event that JV Company I wishes to issue any securities to any person that is not an existing shareholder of JV Company I, the existing shareholder(s) of JV Company I shall have the right to subscribe for such securities on the same terms and conditions, who may give written notice to JV Company I within 15 days following delivery of the notice by JV Company I.

Transfer restrictions : No shareholder of JV Company I shall sell or transfer the shares of JV Company I unless (i) the transferee has agreed to execute a deed of adherence and be bound in writing by the terms and conditions of Shareholders' Agreement I; and (ii) the transfer complies in all respects with the other applicable provisions of Shareholders' Agreement I and the applicable laws.

*Right of first offer*

In the event that a shareholder of JV Company I wishes to transfer its shareholding interests to a third party that is not an existing shareholder of JV Company I, the remaining shareholder(s) shall have a right of first offer to acquire the shareholding interests in accordance with the agreed and prescribed mechanism.

Where no remaining shareholder wishes to exercise its right of first offer in writing within 30 days, the transferring shareholder may transfer its shareholding interests to a third party.

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In the event that a shareholder of JV Company I holding at least 50% of the shares of JV Company I wishes to transfer its shareholding interests to a third party, such shareholder may require the remaining shareholder(s) to sell its shareholding interests to such third party under the same terms and conditions.

Non-competition undertakings : Subject to the undertakings below, each of the shareholders of JV Company I and the HBL Shareholders undertakes that he/she/it shall not, and shall procure any person associated with him/her/it not to, either directly or indirectly, have any interest in any other company or business which (i) has a trading relationship; (ii) competes; or (iii) is likely to compete, either directly or indirectly, with the business of JV Company I.

So long as the HBL Shareholders hold direct or indirect shareholding interest in the HBL Related Company, each of HBL and the HBL Shareholders irrevocably undertakes that he/she/it shall, and shall procure the HBL Related Company to cease the sale of apparel whether through any offline sales channels or Online Channel(s) by the day JV Company I launches its Online Channel(s), so that save for the sale of apparel-related products, any business currently or from time to time engaged by, or products currently or from time to time sold by, the HBL Related Company do not and will not directly or indirectly compete with those of JV Company I.

For the avoidance of doubt, any breach of the non-competition undertakings by HBL and the HBL Shareholders shall constitute a material breach of its obligations under Shareholders' Agreement I.

Liability for default : Should a party commit an event of default as stipulated under Shareholders' Agreement I, such as a material breach of its obligations under Shareholders' Agreement I, the non-defaulting shareholder may require the defaulting shareholder (i) to sell all of its shares to the non-defaulting shareholder(s); or (ii) to acquire all of such shares held by the non-defaulting shareholder(s).

In the event the non-defaulting shareholder(s) does/do not elect to exercise the options above, the non-defaulting shareholder(s) may elect to dissolve JV Company I in accordance with the applicable laws.

In the event that one shareholder of JV Company I becomes the legal or beneficial owner of all of the shares of JV Company I, Shareholders' Agreement I shall terminate.

## **Shareholders' Agreement II**

Shareholding : JV Company II shall be owned as to 60% by MCBL and 40% by HBL.

Capital commitment : As at the date of this announcement, JV Company II has an issued share capital of HK\$4,000,000 divided into 4,000,000 shares of HK\$1.00 each, with MCBL and HBL holding 2,400,000 shares and 1,600,000 shares, representing 60% and 40% of all the issued shares, respectively.

The capital of HK\$4,000,000 shall be contributed in cash as to HK\$2,400,000 by MCBL and HK\$1,600,000 by HBL and shall be paid up using immediately available fund within 60 Business Days upon signing of Shareholders' Agreement II.

Failure to provide its share of the initial capital contribution by any shareholder shall constitute a material breach of its obligation, and such defaulting party may be required to sell all of its shares to the non-defaulting party or acquire all of the shares held by the non-defaulting party in accordance with the terms outlined in “Shareholders’ Agreement II — Liability for default” below.

In addition to the initial capital contribution as detailed above, in the event that the working capital of JV Company II is insufficient to meet the demands of its normal business operations and additional funding is required, each of MCBL and HBL shall use its reasonable endeavours to make available to JV Company II the Shareholders Loans in the amount of not exceeding HK\$2,400,000 and HK\$1,600,000, respectively. The Shareholders Loans to be provided by each of MCBL and HBL shall be for a term of not more than five years with an interest rate of 1.5% per annum and be repayable on demand and shall be subject to such other terms as the board of directors of JV Company II may decide.

MCBL has agreed to procure the provision of the HBL Back-to-Back Loan to HBL for the sole purpose of HBL providing the HBL Shareholder Loan to JV Company II. For further details, please refer to the paragraph headed “Provision of Financial Assistance” below.

Business scope : JV Company II will principally engage in the sale of ingenious homemade gift sets comprising a wide range of products on its online channel ([www.badltd.com](http://www.badltd.com)), so as to provide the public with more diverse and interesting gift ideas.

Management of JV Company II : The board of directors of JV Company II shall comprise not more than three directors out of which two directors shall be nominated by MCBL and one director shall be nominated by HBL.

The chairman of the board of directors shall be a director nominated by MCBL who shall take the chair at any meeting of the board of directors, and in the event of an equality of votes in a meeting of the board of directors, the chairman of the meeting shall have a casting vote.

Certain matters of JV Company II are subject to the unanimous approval of all directors of JV Company II, such as appointment and termination of the employment of certain members of the senior management, adoption of the business plan and any amendments thereto, prepayment of JV Company II's loans or indebtedness and the grant of loans to the directors or shareholders of JV Company II.

Certain matters of JV Company II are subject to the unanimous approval of all shareholders of JV Company II, such as amendment to the memorandum and articles of association of JV Company II, material change in the business operation and increase, reduction or other alteration of the share capital of JV Company II.

In the event that at three consecutive board meetings or shareholders' meetings (as the case may be), (i) a directors' resolution or shareholders' resolution (as the case may be) fails to be passed by the directors or shareholders (as the case may be); or (ii) the required quorum is not present, the shareholders of JV Company II shall endeavor to resolve the deadlock within 60 days from the date a Deadlock Notice is served by a director or shareholder (as the case may be) of JV Company II after the third relevant meeting was held, failing which MCBL shall have the right to purchase all shares held by the other shareholders at a price to be agreed in accordance with the mechanism set out in Shareholders' Agreement II. If MCBL does not exercise such rights within 90 days from the date of the Deadlock Notice, all shareholders shall be obligated to take steps for the voluntary winding up of JV Company II.

Dividend policy : The amount of dividend to be distributed to the shareholders of JV Company II in each financial year shall, in proportion to their respective shareholding, be the maximum amount of profits available as permitted to be distributed by the relevant law, subject to reasonable and proper reserves being retained for capital expenditure and working capital requirements of JV Company II as determined by its shareholders.

HBL and JV Company II agree that any dividend to be distributed to HBL shall first be utilised for repaying the outstanding indebtedness under the HBL Shareholder Loan for the sole purpose of repaying the outstanding indebtedness under the HBL Back-to-Back Loan, if any. For the avoidance of doubt, the outstanding indebtedness under the HBL Shareholder Loan shall correspond to the outstanding indebtedness under the HBL Back-to-Back Loan at all times.



HBL has irrevocably and unconditionally authorised and instructed JV Company II, as from the date hereof and only until JV Company II is informed by MCBL that all the obligations under the HBL Loan Agreement or any other documents in relation to the HBL Back-to-Back Loan have been duly discharged in full and all the indebtedness owing to Blackpaper (the “**Indebtedness**”) have been repaid in full, to pay all dividends, interest and other sums which are or may become payable by JV Company II to HBL as shareholder and include:

- (i) the right to receive any and all such sums and all claims in respect of any default in paying such sums; and
- (ii) all forms of remittance of such sums and any bank or other account to which such sums may be paid or credited;

to MCBL, in the manner and form as directed by MCBL, for the repayment of the indebtedness owing to Blackpaper or any part thereof (in such manner or order as MCBL may, in its absolute discretion, determine with respect to the allocation of such amounts in respect of the Indebtedness).

Anti-dilution/Priority subscription right : In the event that JV Company II wishes to issue any securities to any person that is not an existing shareholder of JV Company II, the existing shareholder(s) of JV Company II shall have the right to subscribe for such securities on the same terms and conditions, who may give written notice to JV Company II within 15 days following delivery of the notice by JV Company II.

Transfer restrictions : No shareholder of JV Company II shall sell or transfer the shares of JV Company II unless (i) the transferee has agreed to execute a deed of adherence and be bound in writing by the terms and conditions of Shareholders’ Agreement II; and (ii) the transfer complies in all respects with the other applicable provisions of Shareholders’ Agreement II and the applicable laws.

*Right of first offer*

In the event that a shareholder of JV Company II wishes to transfer its shareholding interests to a third party that is not an existing shareholder of JV Company II, the remaining shareholder(s) shall have a right of first offer to acquire the shareholding interests in accordance with the agreed and prescribed mechanism.

Where no remaining shareholder wishes to exercise its right of first offer in writing within 30 days, the transferring shareholder may transfer its shareholding interests to a third party.

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In the event that a shareholder of JV Company II holding at least 50% of the shares of JV Company II wishes to transfer its shareholding interests to a third party, such shareholder may require the remaining shareholder(s) to sell its shareholding interests to such third party under the same terms and conditions.

Non-competition  
undertakings

- : Subject to the undertakings below, each of the shareholders of JV Company II and the HBL Shareholders undertakes that he/she/it shall not, and shall procure any person associated with him/her/it not to, either directly or indirectly, have any interest in any other company or business which (i) has a trading relationship; (ii) competes; or (iii) is likely to compete, either directly or indirectly, with the business of JV Company II.

So long as the HBL Shareholders hold direct or indirect shareholding interest in the HBL Related Company, each of HBL and the HBL Shareholders irrevocably undertakes that he/she/it shall not, and shall procure the HBL Related Company not to:

- (i) engage in the sale on any of the HBL Online Channels of (a) any product which has been available for sale on the JV Company II Online Channels; or (b) any product with brand and function(s) (notwithstanding their distinct non-functional specifications including but not limited to size, packaging and scent) identical to those products that have been available for sale on the JV Company II Online Channels ((a) and (b) collectively, the “**Products**”); and

- (ii) in relation to the circumstances under which any product sold on the HBL Online Channels, at the time of its first selling, is not available for sale on the JV Company II Online Channels but such product or a product with brand and function(s) (notwithstanding their distinct non-functional specifications including but not limited to size, packaging and scent) identical to such product is subsequently made available for sale on the JV Company II Online Channels, reduce or otherwise offer any deal that has the effect of reducing the selling price of such product on any of the HBL Online Channels so long as such product and/or any product similar to such product are available for sale on the JV Company II Online Channels.

The undertakings given by HBL and the HBL Shareholders under paragraph (i) above do not preclude the HBL Related Company from engaging in the sale of the Products on any of the HBL Online Channels if such Products are no longer available for sale on the JV Company II Online Channels.

For the avoidance of doubt, any breach of the non-competition undertakings by HBL and the HBL Shareholders shall constitute a material breach of its obligations under Shareholders' Agreement II.

Liability for default : Should a party commit an event of default as stipulated under Shareholders' Agreement II, such as a material breach of its obligations under Shareholders' Agreement II, the non-defaulting shareholder may require the defaulting shareholder (i) to sell all of its shares to the non-defaulting shareholder(s); or (ii) to acquire all of such shares held by the non-defaulting shareholder(s).

In the event the non-defaulting shareholder(s) does/do not elect to exercise the options above, the non-defaulting shareholder(s) may elect to dissolve JV Company II in accordance with the applicable laws.

In the event that one shareholder of JV Company II becomes the legal or beneficial owner of all of the shares of JV Company II, Shareholders' Agreement II shall terminate.

The terms of the Shareholders' Agreements (including the capital commitment of MCBL and HBL and the Shareholders Loans) were determined after arm's length negotiation between MCBL and HBL with reference to the working capital requirements and needs of the JV Companies and the parties' respective duties and expected contributions to the JV Companies.

The Group intends to finance the capital commitment to be provided by MCBL (including the MCBL Shareholder Loan, if any) by its internal resources.

Each of the JV Companies remains to be a non-wholly owned subsidiary of the Company and its financial results will be consolidated into the financial statements of the Group.

## **PROVISION OF FINANCIAL ASSISTANCE**

On 19 November 2021, Blackpaper, HBL and the HBL Shareholders entered into the HBL Loan Agreement, pursuant to which Blackpaper agreed to provide to HBL the HBL Back-to-Back Loan for the sole purpose of HBL providing the HBL Shareholder Loan to JV Company II.

The principal terms of the HBL Loan Agreement are set out below.

Principal	:	HK\$1,600,000
Interest rate	:	1.5% per annum
Availability period	:	Four years commencing from the date of the HBL Loan Agreement
Maturity date	:	Five years from the date of the HBL Loan Agreement
Repayment	:	The Borrower shall pay the accrued interest on an annual basis at the end of each financial year of JV Company II, being 31 March. The Borrower shall repay all outstanding principal, all accrued and unpaid interest and all other amounts due and payable in respect of the HBL Back-to-Back Loan in full on the maturity date.

Notwithstanding the above, HBL shall forthwith on demand upon service of written notice by Blackpaper repay all outstanding principal, all accrued and unpaid interest and all other amounts due and payable in respect of the HBL Back-to-Back Loan or any part thereof.

Default rate	:	5% per annum on any sum which is not paid when due
Security	:	(i) a guarantee provided by the HBL Shareholders on a joint and several basis for the repayment of the HBL Back-to-Back Loan;
		(ii) a share mortgage provided by HBL in respect of the 1,600,000 issued shares in JV Company II, representing 40% of the entire issued shares of JV Company II as at the date of this announcement; and
		(iii) an assignment by HBL to Blackpaper of all its rights, title and interests in relation to the HBL Shareholder Loan owed by or to be owed by JV Company II to HBL

The terms of the HBL Loan Agreement were determined after arm's length negotiation between Blackpaper and HBL with reference to the working capital needs of the JV Companies and the financial resources available to HBL.

The Group intends to finance the HBL Back-to-Back Loan by its internal resources.

## **INFORMATION ON THE PARTIES TO THE SHAREHOLDERS' AGREEMENTS**

### **The Company**

The Company is a company incorporated in the Cayman Islands with limited liability, and the shares of which are listed on the Main Board of the Stock Exchange. The principal activity of the Company is investment holding. The major subsidiaries of the Company are principally engaged in provision of integrated advertising and media services to customers.

### **MCBL**

MCBL is a company incorporated in the British Virgin Islands with limited liability. MCBL is primarily engaged in investment holding.

### **HBL**

HBL is a company incorporated in Hong Kong with limited liability, which was held as to 50% by Mr. Liu and 50% by Ms. Lau as at the date of this announcement. HBL is primarily engaged in investment holding.

### **The HBL Shareholders**

Each of Mr. Liu and Ms. Lau is a merchant. Mr. Liu and Ms. Lau have approximately seven and five years of experience in operating online business in Hong Kong, respectively.

### **The JV Companies**

Each of the JV Companies is a company incorporated in Hong Kong with limited liability, which was held as to 60% by MCBL and 40% by HBL as at the date of this announcement. Since the incorporation of the JV Companies and up to the date of this announcement, the JV Companies have not commenced any business operation.

## **REASONS FOR AND BENEFITS OF THE TRANSACTIONS**

The Group has established a footing in the integrated advertising and media services since 2010. Over the years, the Group has accumulated a growing number of visitors or viewers on its digital media platforms as well as experience in conducting data analytics to understand the latest trends and target audience's preference in online engagement and formulating tailor-made advertising strategies for its customers.

To diversify its operations and income stream, the Group plans to tap into the online shopping business, where the Group can leverage on its expertise in analysing consumers' preference through data analytics, its overall mass reach to target audience and digital capabilities to market the products on the Online Channels of the JV Companies more effectively and assist in building the brand awareness of the Online Channels of the JV

Companies through various marketing activities. As such, the Directors consider that the Group's expertise is relevant and supplementary to the operation of the online shopping business.

In managing the JV Companies, MCBL shall be responsible for assisting the design and marketing of the Online Channels of the JV Companies and the branding design of the JV Companies, whereas HBL shall be responsible for setting up the backend of the Online Channels of the JV Companies, negotiating and communicating with the online merchants and customers, sourcing products to be sold on the Online Channels of the JV Companies and managing the logistics and warehouse operation of the JV Companies. The HBL Shareholders, with substantial experience in operating and managing online shopping business through operating the HBL Related Company, will be involved in the day-to-day management and operation of the JV Companies.

In addition, the Directors consider that the provision of the HBL Back-to-Back Loan to HBL pursuant to the HBL Loan Agreement will ensure that JV Company II will have sufficient working capital for the operation of the Online Channel(s) of JV Company II in the event that additional funding is required to satisfy the working capital requirement of JV Company II.

Based on the above, the Directors (including the independent non-executive Directors) consider that while the Transactions are not in the ordinary and usual course of business of the Group, the terms of each of the Shareholders' Agreements and the HBL Loan Agreement are on normal commercial terms which are fair and reasonable and in the interests of the Company and its Shareholders as a whole. None of the Directors has a material interest in the transactions contemplated under the Shareholders' Agreements and the HBL Loan Agreement, who is required to abstain from voting on the Board resolutions for considering and approving the Shareholders' Agreements and the HBL Loan Agreement.

## **LISTING RULES IMPLICATIONS**

As one or more of the applicable percentage ratio(s) (as defined in Rule 14.07 of the Listing Rules) in respect of the Transactions in aggregate exceeds 5% but is less than 25%, the Transactions constitute discloseable transactions for the Company and are subject to the reporting and announcement requirements under Chapter 14 of the Listing Rules.

As at the date of this announcement, each of the JV Companies is an indirect non-wholly owned subsidiary of the Company which is held as to 60% by MCBL and 40% by HBL. As HBL is a substantial shareholder of the subsidiaries of the Company, HBL is a connected person of the Company under Chapter 14A of the Listing Rules and the Transactions constitute connected transactions of the Company under Chapter 14A of the Listing Rules.

By virtue of Rule 14A.101 of the Listing Rules, since (i) HBL is a connected person at the subsidiary level; (ii) the Board has approved the Transactions; and (iii) the independent non-executive Directors have confirmed that the terms of the Transactions are fair and reasonable, the Transactions are on normal commercial terms or better and in the interests of the Company and its Shareholders as a whole, the Transactions are subject to the reporting and announcement requirements but are exempt from the circular, independent financial advice and independent shareholders' approval requirements under Chapter 14A of the Listing Rules.

## DEFINITIONS

In this announcement, unless the context otherwise requires, the following words and expressions shall have the meaning ascribed to them below:

“Blackpaper”	Blackpaper Limited, a company incorporated in Hong Kong and an indirect wholly-owned subsidiary of the Company
“Board”	the board of Directors
“Business Day”	a day (other than a Saturday or a Sunday) on which banks are open for general business in Hong Kong
“Company”	Most Kwai Chung Limited (毛記葵涌有限公司), a company incorporated under the laws of the Cayman Islands with limited liability, and the shares of which are listed on the Main Board of the Stock Exchange (stock code: 1716)
“connected person”	has the meaning ascribed to it in the Listing Rules
“Director(s)”	the director(s) of the Company
“Group”	the Company and its subsidiaries
“HBL”	Hello Bear Limited, a company incorporated in Hong Kong with limited liability which was held as to 50% by Mr. Liu and 50% by Ms. Lau as at the date of this announcement
“HBL Back-to-Back Loan”	an interest-bearing loan in the amount of HK\$1,600,000 to be made available by Blackpaper to HBL
“HBL Loan Agreement”	the loan agreement dated 19 November 2021 entered into by Blackpaper, HBL and the HBL Shareholders in respect of the provision of the HBL Back-to-Back Loan by Blackpaper as lender to HBL as borrower
“HBL Online Channels”	means any online app, shop, platform, e-store and/or channel through which the HBL Related Company is conducting or may conduct the sale of products and/or any other activities related thereto
“HBL Related Company”	a company incorporated in Hong Kong with limited liability and held as to 100% by the HBL Shareholders, which is principally engaged in the sale of food, snacks, cosmetic, skin care products and electrical appliance through an online shop and a e-store operated on an online shopping platform owned by a third party as at the date of this announcement
“HBL Shareholder Loan”	an interest-bearing shareholder loan in the amount of HK\$1,600,000 to be made available by HBL to JV Company II

“HBL Shareholders”	Mr. Liu and Ms. Lau
“HK\$”	Hong Kong dollars, the lawful currency for the time being of Hong Kong
“Hong Kong”	the Hong Kong Special Administrative Region of the People’s Republic of China
“JV Companies”	JV Company I and JV Company II
“JV Company I” or “Mofargo”	Mofargo Limited, a company incorporated in Hong Kong with limited liability
“JV Company II” or “Bad Ltd.”	Bad Limited, a company incorporated in Hong Kong with limited liability
“JV Company II Online Channels”	the online shop or any other Online Channel(s) operated by JV Company II
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“MCBL”	Most Company B Limited, a company incorporated in the British Virgin Islands with limited liability and an indirect wholly-owned subsidiary of the Company
“MCBL Shareholder Loan”	an interest-bearing shareholder loan in the amount of HK\$2,400,000 to be made available by MCBL to JV Company II
“Mr. Liu”	Mr. Liu Chung Man, who held 50% of the issued shares of HBL as at the date of this announcement
“Ms. Lau”	Ms. Lau Him Tung, who held 50% of the issued shares of HBL as at the date of this announcement
“Online Channel(s)”	any online app, shop, platform, e-store and/or channels through which a person can conduct the sale of products and/or any other activities related thereto
“Shareholder(s)”	holder(s) of the share(s) of the Company
“Shareholders’ Agreement I”	the shareholders’ agreement dated 19 November 2021 entered into among MCBL, HBL, the HBL Shareholders and JV Company I in relation to the formation of JV Company I
“Shareholders’ Agreement II”	the shareholders’ agreement dated 19 November 2021 entered into among MCBL, HBL, the HBL Shareholders and JV Company II in relation to the formation of JV Company II



“Shareholders’ Agreements”	Shareholders’ Agreement I and Shareholders’ Agreement II
“Shareholders Loans”	the HBL Shareholder Loan and the MCBL Shareholder Loan
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Transactions”	the transactions contemplated under the Shareholders’ Agreements and the HBL Loan Agreement
“%”	per cent.

By order of the Board  
**Most Kwai Chung Limited**  
**Iu Kar Ho**  
*Chairman and Executive Director*

Hong Kong, 19 November 2021

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