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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 2023

FINANCIAL HIGHLIGHTS	Year ended 31 March	
	2023	2022
Revenue	HK\$39.6 million	HK\$67.8 million
Gross profit	HK\$9.5 million	HK\$9.9 million
Net loss	(HK\$20.7 million)	(HK\$18.5 million)
Basic loss per share	(HK7.55 cents)	(HK6.05 cents)

RESULTS

The board (the “Board”) of directors (the “Directors”) of Most Kwai Chung Limited (the “Company”) announces the consolidated audited results of the Company and its subsidiaries (collectively as the “Group”) for the year ended 31 March 2023 (the “Year”), together with the comparative figures for the previous financial year ended 31 March 2022 as follows:

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

	<i>Note</i>	Year ended 31 March	
		2023	2022
		HK\$'000	HK\$'000
Revenue	4	39,593	67,775
Cost of sales		(30,083)	(57,841)
Gross profit		9,510	9,934
Other income		242	51
Selling and distribution expenses		(8,220)	(3,832)
Administrative expenses		(17,209)	(24,433)
Impairment loss on investment in an associate		(468)	–
Provision for impairment losses on trade receivables, net	7	(403)	(812)
Operating loss		(16,548)	(19,092)
Finance income		226	33
Finance costs		(100)	(86)
Finance income/(costs), net		126	(53)
Share of (loss)/profit of associates, net		(4,438)	1,135
Share of loss of a joint venture		(22)	(379)
Loss before income tax		(20,882)	(18,389)
Income tax credit/(expense)	5	135	(136)
Loss and total comprehensive loss for the year		(20,747)	(18,525)
Attributable to:			
Owners of the Company		(20,387)	(16,325)
Non-controlling interests		(360)	(2,200)
		(20,747)	(18,525)
Basic loss per share for loss attributable to owners of the Company (Hong Kong cents)	6	(7.55)	(6.05)

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

	<i>Note</i>	As at 31 March	
		2023	2022
		HK\$'000	HK\$'000
ASSETS			
Non-current assets			
Property, plant and equipment		1,216	1,562
Right-of-use assets		1,474	1,255
Deposits		185	151
Interests in associates		2,283	8,299
Interest in a joint venture		299	321
		<u>5,457</u>	<u>11,588</u>
Current assets			
Inventories		480	1,290
Trade receivables	7	5,254	6,673
Prepayments, deposits and other receivables		1,916	1,758
Amount due from non-controlling interest		1,600	1,600
Current income tax recoverable		404	981
Cash and cash equivalents		50,815	64,307
		<u>60,469</u>	<u>76,609</u>
Total assets		<u><u>65,926</u></u>	<u><u>88,197</u></u>
EQUITY			
Capital and reserves			
Share capital		2,700	2,700
Reserves		52,989	73,376
		<u>55,689</u>	<u>76,076</u>
Equity attributable to owners of the Company		55,689	76,076
Non-controlling interests		<u>640</u>	<u>1,000</u>
Total equity		<u><u>56,329</u></u>	<u><u>77,076</u></u>

		As at 31 March	
		2023	2022
	<i>Note</i>	HK\$'000	HK\$'000
LIABILITIES			
Non-current liabilities			
Lease liabilities		<u>648</u>	<u>455</u>
Current liabilities			
Trade payables	8	751	723
Lease liabilities		868	733
Amount due to an associate		1,489	1,489
Other payables and accruals		3,596	4,514
Contract liabilities		2,202	2,953
Current income tax liabilities		<u>43</u>	<u>254</u>
		<u>8,949</u>	<u>10,666</u>
Total liabilities		<u>9,597</u>	<u>11,121</u>
Total equity and liabilities		<u><u>65,926</u></u>	<u><u>88,197</u></u>

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2023

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 is located at Unit 8, 16/F, Block B, Tung Chun Industrial Building, 11–13 Tai Yuen Street, Kwai Chung, New Territories, Hong Kong. The ordinary shares of the Company are listed on the Main Board of The Stock Exchange of Hong Kong Limited.

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

The ultimate holding company of the Group is Blackpaper Limited (“Blackpaper BVI”), a company incorporated in the British Virgin Islands with limited liability. Blackpaper BVI is owned as 50% by each of Mr. Iu Kar Ho (“Mr. Iu”) and Mr. Luk Ka Chun (“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 BASIS OF PREPARATION

The consolidated financial statements of the Group have been prepared in accordance with Hong Kong Financial Reporting Standards (“HKFRSs”), which collective term includes all applicable individual Hong Kong Financial Reporting Standards, Hong Kong Accounting Standards (“HKASs”) and Interpretations issued by the Hong Kong Institute of Certified Public Accountants (“HKICPA”), accounting principles generally accepted in Hong Kong and the disclosure requirements of the Hong Kong Companies Ordinance. These consolidated financial statements also comply with the applicable disclosure provisions of the Rules Governing the Listing of Securities on the Stock Exchange (the “Listing Rules”).

3 CHANGES IN ACCOUNTING POLICIES

The Group has applied the following amendments to standards for the first time for their annual reporting period commencing on 1 April 2022 and there is no material impact on the Group's consolidated financial statements.

— Amendments to HKAS 16	Property, Plant and Equipment: Proceeds before intended use
— Amendments to HKAS 37	Onerous Contracts — Cost of Fulfilling a Contract
— Annual Improvements to HKFRSs 2018 — 2020	Amendments to HKFRS 1, HKFRS 9, Illustrative Examples accompanying HKFRS 16 and HKAS 41
— Amendments to HKFRS 3	Reference to Conceptual Framework
— Accounting Guideline 5	Merger Accounting for Common Control Combinations

The Group has not applied any new standard or interpretation that is not yet effective for the current accounting period.

4 REVENUE AND SEGMENT INFORMATION

Management has determined the operating segments based on the reports reviewed by the chief operating decision-maker (“CODM”) that are used for making strategic decisions. The CODM is identified as executive directors of the Company. The executive directors reviewed the Group's internal reporting in order to assess performance and allocate resources. Management has determined the operating segments based on these reports.

The CODM considers the Group's operation from a business perspective and determines that the Group has three reportable operating segments as follows:

Digital media services

Digital media services represent the provision of media management services and one-stop advertising solution packages under which the deliverables to customers are distributed on digital media platforms managed by the Group, third parties' TV channels, 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 merchandise; 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:

	2023			
	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	38,309	1,179	2,801	42,289
Inter-segment transactions	(2,349)	–	(347)	(2,696)
Revenue from external customers	<u>35,960</u>	<u>1,179</u>	<u>2,454</u>	<u>39,593</u>
Segment loss before income tax	(13,020)	(1,491)	(1,352)	(15,863)
Unallocated expenses				(217)
Impairment loss on investment in an associate				(468)
Finance income, net				126
Share of loss of associates, net				(4,438)
Share of loss of a joint venture				(22)
Income tax credit				135
Loss for the year				<u>(20,747)</u>
Other information:				
Depreciation of property, plant and equipment	162	600	–	762
Depreciation of right-of-use assets	1,169	–	–	1,169
Finance costs related to leases liabilities	100	–	–	100
Write-off of inventories	–	88	809	897
Write-off of property, plant and equipment	–	106	–	106

	2022			Total HK\$'000
	Digital media services HK\$'000	Print media services HK\$'000	Other media services HK\$'000	
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				<u>(136)</u>
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
Write-off of inventories	<u>–</u>	<u>272</u>	<u>–</u>	<u>272</u>

Inter-segment transactions are charged at prices agreed between group entities, which are determined by reference to the prices offered to third party customers.

All of the Group's activities are carried out in Hong Kong and all its assets and liabilities are located in Hong Kong. No analysis of segment assets and segment liabilities is presented as the CODM does not regularly review such information for the purposes of resources allocation and performance assessment. Therefore, only segment revenue and segment results are presented.

Information about major customers:

There is no single external customer who contributed 10% or more than 10% of the revenue of the Group during the year ended 31 March 2023 and 2022.

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

	2023 HK\$'000	2022 HK\$'000
At a point of time:		
Media services income	32,463	37,721
Sales of books and merchandise	1,219	2,227
Performance income	<u>2,414</u>	<u>23,383</u>
	<u>36,096</u>	<u>63,331</u>
Over time:		
Media services income	<u>3,497</u>	<u>4,444</u>
	<u>39,593</u>	<u>67,775</u>

(a) Changes in contract liabilities

Contract liabilities for receipts in advance from customers have decreased by HK\$751,000 (2022: HK\$955,000) from prior year. The decrease in 2023 and 2022 was mainly due to the fulfilment of the performance obligation of digital media services during the year.

(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.

	2023 <i>HK\$'000</i>	2022 <i>HK\$'000</i>
Media services and performance income contracts	<u>2,649</u>	<u>2,951</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.

5 INCOME TAX (CREDIT)/EXPENSE

	2023 <i>HK\$'000</i>	2022 <i>HK\$'000</i>
Current income tax — Hong Kong	–	218
Over provision for prior years	(135)	(30)
Deferred income tax	–	(52)
	<u>–</u>	<u>(52)</u>
Income tax (credit)/expense	<u>(135)</u>	<u>136</u>

6 LOSS PER SHARE

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

	2023	2022
Loss attributable to owners of the Company during the year (<i>HK\$'000</i>)	<u>(20,387)</u>	<u>(16,325)</u>
Weighted average number of ordinary shares in issue	<u>270,000,000</u>	<u>270,000,000</u>
Basic loss per share (Hong Kong cents)	<u>(7.55)</u>	<u>(6.05)</u>

The Company did not have any potential dilutive shares throughout the years, accordingly, no diluted loss per share is presented.

7 TRADE RECEIVABLES

	2023 <i>HK\$'000</i>	2022 <i>HK\$'000</i>
Trade receivables	6,118	7,533
Less: provision for impairment of trade receivables	<u>(864)</u>	<u>(860)</u>
	<u><u>5,254</u></u>	<u><u>6,673</u></u>

Credit terms ranging between 30 and 90 days were granted to our customers. The ageing analysis of trade receivables, based on invoice date, was as follows:

	2023 <i>HK\$'000</i>	2022 <i>HK\$'000</i>
Within 2 months	3,960	3,578
2 to 4 months	1,120	894
4 to 6 months	477	678
Over 6 months	<u>561</u>	<u>2,383</u>
	<u><u>6,118</u></u>	<u><u>7,533</u></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 derived based on days past due.

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 2021	914
Provision of impairment recognised during the year, net	812
Written off	<u>(866)</u>
As at 31 March 2022 and 1 April 2022	860
Provision of impairment recognised during the year, net	403
Written off	<u>(399)</u>
As at 31 March 2023	<u><u>864</u></u>

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

8 TRADE PAYABLES

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

	2023	2022
	<i>HK\$'000</i>	<i>HK\$'000</i>
Within 1 month	708	542
1 to 2 months	43	4
2 to 3 months	–	174
Over 3 months	–	3
	<u>751</u>	<u>723</u>

9 DIVIDEND

The directors do not recommend the payment of any dividend in respect of the year ended 31 March 2023 (2022: HK\$nil).

MANAGEMENT DISCUSSION AND ANALYSIS

Business Review

The Group provides integrated advertising and media services to customers which can be categorised into (i) digital media services under which the Group provides a one-stop advertising solution package to the customers, with different types of advertisements including video, online banner, newsfeed and advertorial, through various distribution channels including 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’s 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 be steady recovering 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\$42.2 million for the year ended 31 March 2022 to approximately HK\$36.0 million for the Year, representing a decrease of approximately 15% which was mainly attributable to the keen competition and tightened spending of the clients. Segment loss before income tax was approximately HK\$16.6 million for the year ended 31 March 2022 and segment loss before income tax was approximately HK\$13.0 million for the Year, representing a decrease of approximately 22%. During the Year, the decrease in segment loss before income tax was mainly due to the decrease in cost incurred for the award of shares to selected senior employees for the year ended 31 March 2022, whereas there is no such cost incurred for the Year. Moreover, 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\$1.5 million and HK\$1.2 million for the years ended 31 March 2022 and 2023 respectively. Segment loss before income tax was approximately HK\$1.6 million and HK\$1.5 million for the years ended 31 March 2022 and 2023 respectively.

Other Media Services

Other media services represent events organisation and artistes management.

Revenue from the other media services was approximately HK\$24.1 million and HK\$2.5 million for the years ended 31 March 2022 and 2023 respectively. Segment loss before income tax was approximately HK\$0.2 million and HK\$1.4 million for the years ended 31 March 2022 and 2023 respectively. The increase in segment loss before income tax was mainly due to the decrease in revenue as there was no performance event organised by the Group during the Year.

Outlook

After three years living under COVID-19, the anti-pandemic measures were lifted in early 2023. The domestic economy is anticipated to maintain a steady recovery.

In the coming future, we will continue to consolidate our strengths to develop our core businesses. We will also focus on the development of new technologies, particularly artificial intelligence and automation to enhance business efficiency. Regardless of the hardship, we will continue to work hard, persevere and achieve better results by leveraging upon our strengths and with confidence.

Financial Review

Revenue

Revenue of the Group decreased by approximately HK\$28.2 million or 42% from approximately HK\$67.8 million for the year ended 31 March 2022 to approximately HK\$39.6 million for the Year. The decrease was mainly attributable to the decrease in revenue from other media services segment.

Cost of Sales

The Group's cost of sales comprises direct cost incurred for the digital media services (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 decreased to approximately HK\$30.1 million for the Year from approximately HK\$57.8 million for the year ended 31 March 2022, representing a decrease of approximately HK\$27.7 million or 48% during the Year which was resulted from the decline in revenue which was mainly attributable to the decreased cost of performance event.

Gross Profit and Gross Profit Margin

The gross profit of the Group decreased by approximately HK\$0.4 million or 4% from approximately HK\$9.9 million for the year ended 31 March 2022 to approximately HK\$9.5 million for the Year.

The overall gross profit margin of the Group was approximately 15% and 24% for the years ended 31 March 2022 and 2023, respectively. The increase in gross profit margin was mainly due to there being no performance event held during the Year which gross profit margin was lower than the overall gross profit margin for the Year.

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\$3.8 million and approximately HK\$8.2 million for the years ended 31 March 2022 and 2023 respectively, representing an increase by approximately HK\$4.4 million or 115% which was mainly attributable to the additional selling and distribution expenses incurred for the new media channels launched in the Year.

Administrative Expenses

Administrative expenses of the Group decreased from approximately HK\$24.4 million for the year ended 31 March 2022 to approximately HK\$17.2 million for the Year, representing a decrease by approximately HK\$7.2 million or 30%. The significant decrease was mainly due to (i) there being approximately HK\$1.8 million subsidy granted to the Group for the Year under the HKSAR Government's Employment Support Scheme; however, the Group did not obtain any such subsidy for the year ended 31 March 2022; and (ii) for the year ended 31 March 2022, there being approximately HK\$7.0 million cost incurred for the award of shares to selected senior employees, among which approximately HK\$5.2 million was allocated to administrative expenses whereas there was no such cost incurred during the Year.

Loss before Income Tax

During the years ended 31 March 2022 and 2023, the loss before income tax were approximately HK\$18.4 million and HK\$20.9 million, respectively. During the Year, the increase in loss before income tax was mainly due to the combined effects of (i) the turn of share of profit of associates by approximately HK\$1.1 million to the share of loss of associates by approximately HK\$4.4 million; (ii) the decrease in profit margin of performance event by approximately HK\$4.0 million; and (iii) the decrease in cost approximately HK\$7.0 million incurred for the award of shares to selected senior employees for the year ended 31 March 2022 whereas there is no such cost incurred for the Year.

Income Tax Credit/Expense

The income tax credit was approximately HK\$0.1 million for the Year and the income tax expense for the year ended 31 March 2022 was approximately HK\$0.1 million.

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 2022 and 2023, the Group had net current assets of approximately HK\$65.9 million and HK\$51.5 million, respectively, including cash and cash equivalents of approximately HK\$64.3 million and HK\$50.8 million respectively. The Group's current ratio (current assets divided by current liabilities) decreased from approximately 7.2 as at 31 March 2022 to approximately 6.8 as at 31 March 2023. Such decrease was mainly due to the decrease in cash and cash equivalents for the Year. The Group's gearing ratio 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 2023, the Group's gearing ratio was nil (2022: nil).

Treasury Policies

The Group adopts prudent treasury policies. The Group has been monitoring its procedures to ensure that follow-up actions are taken to recover overdue debts. In addition, the Group's management regularly reviews 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 2023, 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 2023.

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 2023, none of the Group’s assets were pledged.

Employees and Remuneration Policies

The total number of full-time employees were 77 and 73 as at 31 March 2022 and 2023, respectively. The Group’s employee benefit expenses mainly include salaries, discretionary bonuses, commissions, medical insurance coverage, other staff benefits and contributions to retirement schemes. For the years ended 31 March 2022 and 2023, the Group’s total employee benefit expenses (including Directors’ emoluments) amounted to approximately HK\$38.7 million and HK\$26.5 million, respectively.

Remuneration is determined generally with reference to the qualification, experience and work performance of the relevant employee, whereas the payment of discretionary bonus is generally subject to work performance of the relevant employee, the financial performance of the Group in that particular year and general market conditions.

Comparison of Business Strategies with Actual Business Progress

The following sets out a comparison of the business strategies as stated in the Prospectus with the Group's actual business progress for the Year and up to the date of this announcement.

Business strategies as stated in the Prospectus	Actual business progress up to the date of this announcement
Pursue growth through mergers and acquisitions and/or strategic alliance	Identifying potential acquisition targets which are engaged in, among others, video productions, event marketing, digital advertising and media related services and/or technology development.
Expand the customer base and business operations through sales and marketing efforts	<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>Although new sales executives and marketing staff were hired during the Year, it is expected that more sales executives and marketing staff will be hired to boost the 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 TVMost's 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 the 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 2023.

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 from Listing Date to 31 March 2022	Unutilised proceeds as at 31 March 2022	Actual uses of the Actual Net Proceeds from 1 April 2022 to 31 March 2023	Unutilised proceeds as at 31 March 2023	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 2025
Expand the customer base and business operations through sales and marketing efforts	11.72	(1.02)	10.70	10.70	–	–	–	N/A
Upgrade IT infrastructure and procure equipment with advanced technologies to facilitate production efficiency	11.13	(8.45)	2.68	1.94	0.74	0.45	0.29	By 31 March 2025
Strengthen the efforts in events organisation to further extend the Group’s marketing channels	10.11	5.94	16.05	16.05	–	–	–	N/A
As working capital and for general corporate purposes	5.35	13.37	18.72	13.27	5.45	5.45	–	N/A
Total	53.50	–	53.50	41.96	11.54	5.90	5.64	

As at 31 March 2023, all unutilised proceeds of approximately HK\$5.64 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 2025.

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 2023, 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 2023 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, as at the date of this announcement, was still in discussion with various service providers about upgrading TVMost's website and mobile application 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 (2022: HK\$nil).

CLOSURE OF REGISTER OF MEMBERS

To determine the entitlement to attend and vote at the annual general meeting of the Company ("AGM") to be held on Thursday, 28 September 2023, the register of members of the Company will be closed from Monday, 25 September 2023 to Thursday, 28 September 2023, 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 Friday, 22 September 2023.

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 the code provisions (the "Code Provisions") as set out under the Corporate Governance Code (the "CG Code") 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 in part 2 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 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 2023 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 and Executive Director

Hong Kong, 29 June 2023

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