Most Kwai Chung Limited
毛記葵涌有限公司

(Incorporated in the Cayman Islands with limited liability)
(於開曼群島註冊成立的有限公司)

Stock Code 股份代號: 1716

2018/19
INTERIM REPORT 中期報告

CONTENTS

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

FOR THE SIX MONTHS ENDED 30 SEPTEMBER 2018

	Note	Six months ended 30 September	
		2018	2017
		HK$'000	HK$'000
		(Unaudited)	(Unaudited)
Revenue	*5*	**48,103**	42,572
Cost of sales	*6*	**(27,291)**	(19,252)
Gross profit		**20,812**	23,320
Other income	*7*	**9**	8
Other gain	*8*	**307**	1
Selling and distribution expenses	*6*	**(3,493)**	(3,119)
Administrative expenses	*6*	**(7,654)**	(14,104)
		9,981	6,106
Finance income		**172**	–
Profit before income tax		**10,153**	6,106
Income tax expenses	*9*	**(1,276)**	(2,677)
Profit and total comprehensive income attributable to owners of the Company for the period		**8,877**	3,429
Basic and diluted earnings per share for profit attributable to owners of the Company (Hong Kong cents)	*10*	**3.29**	1.69

CONSOLIDATED BALANCE SHEET

AS AT 30 SEPTEMBER 2018

	Note	As at 30 September 2018 HK$'000 (Unaudited)	As at 31 March 2018 HK$'000 (Audited)
ASSETS			
Non-current assets			
Property, plant and equipment		**2,451**	1,498
Deposits		**465**	393
		2,916	1,891
Current assets			
Inventories		**887**	856
Trade receivables	*12*	**12,994**	18,856
Prepayments and deposits		**4,104**	1,665
Current income tax recoverables		**4,173**	5,662
Cash and cash equivalents		**78,666**	80,525
		100,824	107,564
Total assets		**103,740**	109,455
EQUITY			
Equity attributable to owners of the Company			
Share capital		**2,700**	2,700
Share premium		**67,028**	67,028
Reserves		**997**	997
Retained earnings		**21,589**	14,248
Total equity		**92,314**	84,973

CONSOLIDATED BALANCE SHEET

AS AT 30 SEPTEMBER 2018

	Note	As at 30 September 2018 HK$'000 (Unaudited)	As at 31 March 2018 HK$'000 (Audited)
LIABILITIES			
Non-current liabilities			
Deferred income tax liabilities		**165**	121
Current liabilities			
Trade payables	*13*	**632**	1,632
Other payables and accruals	*14*	**4,442**	18,150
Receipts in advance		**–**	2,214
Contract liabilities		**4,081**	–
Current income tax liabilities		**2,106**	2,365
		11,261	24,361
Total liabilities		**11,426**	24,482
Total equity and liabilities		**103,740**	109,455

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

FOR THE SIX MONTHS ENDED 30 SEPTEMBER 2018

		Attributable to owners of the Company				
		Share capital	**Share premium**	**Reserves**	**Retained earnings**	**Total equity**
	Note	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000
(Unaudited)						
Balance as at 1 April 2017		–	–	1,000	28,068	29,068
Profit for the period		–	–	–	3,429	3,429
Total comprehensive income		–	–	1,000	3,429	3,429
Transaction with owners						
Dividends		–	–	–	(22,000)	(22,000)
Completion of Reorganization		–	–	(3)	–	(3)
Total transaction with owners		–	–	(3)	(22,000)	(22,003)
Balance as at 30 September 2017		–	–	997	9,497	10,494
(Unaudited)						
Balance as at 1 April 2018 (previously stated)		**2,700**	**67,028**	**997**	**14,248**	**84,973**
Adjustment on adoption of HKFRS 9 *(note 3(a)(iii)(a))*		**–**	**–**	**–**	**(1,536)**	**(1,536)**
Restated balance as at 1 April 2018		**2,700**	**67,028**	**997**	**12,712**	**12,712**
Profit for the period		**–**	**–**	**–**	**8,877**	**8,877**
Total comprehensive income		**–**	**–**	**–**	**8,877**	**8,877**
Balance as at 30 September 2018		**2,700**	**67,028**	**997**	**21,589**	**92,314**

CONSOLIDATED STATEMENTS OF CASH FLOWS

FOR THE SIX MONTHS ENDED 30 SEPTEMBER 2018

	For the six months ended 30 September	
	2018	2017
	(Unaudited)	(Unaudited)
	HK$'000	HK$'000
Cash flows from operating activities		
Cash (used in)/generated from operations	**(652)**	4,585
Income tax paid	**–**	(166)
Net cash (used in)/generated from operating activities	**(652)**	4,419
Cash flows from investing activities		
Interest received	**172**	–
Purchase of property, plant and equipment	**(1,378)**	(68)
Proceeds from disposal of property, plant and equipment	**–**	7
Net cash used in investing activities	**(1,206)**	(61)
Cash flows from financing activities		
Acquisition of a subsidiary in connection with the Reorganisation	**–**	(3)
Net cash used in financing activities	**–**	(3)
Net (decrease)/increase in cash and cash equivalents	**(1,858)**	4,355
Cash and cash equivalents at beginning of the period	**80,525**	22,150
Cash and cash equivalents at end of the period	**78,666**	26,505

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

1 GENERAL INFORMATION

Most Kwai Chung Limited (the "Company") was incorporated in the Cayman Islands on 8 June 2017 as an exempted company with limited liability under the Companies Law (as revised) of the Cayman Islands. The address of the Company's registered office is PO Box 309, Ugland House, Grand Cayman, KY1-1104, Cayman Islands.

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

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

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

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

2 BASIS OF PREPARATION

This condensed consolidated interim financial information for the six months ended 30 September 2018 has been prepared in accordance with Hong Kong Accounting Standard ("HKAS") 34 "Interim Financial Reporting" issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA") and the applicable disclosure requirements of Appendix 16 of the Rules Governing the Listing of the Securities on The Stock Exchange of Hong Kong Limited (the "Listing Rules").

The condensed consolidated interim financial information should be read in conjunction with the annual financial statements for the year ended 31 March 2018, which have been prepared in accordance with Hong Kong Financial Reporting Standards ("HKFRS").

3 ACCOUNTING POLICIES

Except as described below, the accounting policies applied are consistent with those of the annual financial statements for the year ended 31 March 2018, as described in those annual financial statements.

Taxes on income in the interim periods are accrued using the tax rate that would be applicable to expected total annual earnings.

A number of new or amended standards became applicable for the current reporting period and the Group had to change its accounting policies as a result of adopting the following standards:

HKFRS 9	Financial Instruments
HKFRS 15	Revenue from Contracts with Customers

3 ACCOUNTING POLICIES *(Continued)*

(a) New and amended standards adopted by the Group

The below explains the impact of adoption of HKFRS 9 Financial Instruments ("HKFRS 9") and HKFRS 15 Revenue from Contracts with Customers ("HKFRS 15") on the Group's interim condensed consolidated financial information and also discloses the new accounting policies that have been applied from 1 January 2018, where they are different to these applied in prior period.

(i) Accounting policies applied from 1 January 2018

The changes in the accounting policies and the effects of the resulting changes are summarised below:

(a) HKFRS 9 Financial Instruments

Investments and other financial assets

Classification

From 1 April 2018, the Group classifies its financial assets in the following measurement categories:

— those to be measured subsequently at fair value (either through other comprehensive income, or through profit or loss), and

— those to be measured at amortised cost.

The classification depends on the entity's business model for managing the financial assets and the contractual terms of the cash flows.

For assets measured at fair value, gains and losses will either be recorded in profit or loss or other comprehensive income. For investments in equity instruments that are not held for trading, this will depend on whether the Group has made an irrevocable election at the time of initial recognition to account for the equity investment at fair value through other comprehensive income ("FVOCI").

The Group reclassifies debt investments when and only when its business model for managing those assets changes.

Measurement

At initial recognition, the Group measures a financial asset at its fair value plus, in the case of a financial asset not at fair value through profit or loss ("FVPL"), transaction costs that are directly attributable to the acquisition of the financial asset. Transaction costs of financial asset carried at FVPL are expensed in profit or loss.

Financial assets with embedded derivatives are considered in their entirety when determining whether their cash flows are solely payments of principal and interest.

3 ACCOUNTING POLICIES *(Continued)*

(a) New and amended standards adopted by the Group *(Continued)*

(i) Accounting policies applied from 1 January 2018 *(Continued)*

(a) HKFRS 9 Financial Instruments *(Continued)*

Investments and other financial assets (Continued)

Debt instruments

Subsequent measurement of debt instruments depends on the Group's business model for managing the asset and the cash flow characteristics of the asset. There are three measurement categories to classify the debt instruments:

(1) Amortised cost

Assets that are held for collection of contractual cash flows where those cash flows represent solely payments of principal and interest are measured at amortised cost. Interest income from these financial assets is included in finance income, except for interest income generated from loan receivables which is included in revenue, using the effective interest rate method. Any gain or loss arising on derecognition is recognised directly in profit or loss. Impairment losses are presented as separate line item in the interim condensed consolidated income statement.

(2) Fair value through other comprehensive income

Assets that are held for collection of contractual cash flows and for selling the financial assets, where the assets' cash flows represent solely payments of principal and interest, are measured at FVOCI. Movements in the carrying amount are taken through other comprehensive income, except for the recognition of impairment gains or losses, interest income and foreign exchange gains and losses which are recognised in profit or loss. When the financial asset is derecognised, the cumulative gain or loss previously recognised in other comprehensive income is reclassified from equity to profit or loss. Interest income from these financial assets is included in finance income using the effective interest rate method. Impairment expenses are presented as separate line item in the interim condensed consolidated income statement.

(3) Fair value through profit or loss

Assets that do not meet the criteria for amortised cost or FVOCI are measured at FVPL. A gain or loss on a debt investment that is subsequently measured at FVPL is recognised in profit or loss in the period in which it arises.

Equity instruments

The Group subsequently measures all equity investments at fair value. Where the Group's management has elected to present fair value gains and losses on equity investments in other comprehensive income, there is no subsequent reclassification of fair value gains and losses to profit or loss following the derecognition of the investment. Dividends from such investments continue to be recognised in profit or loss as other gains, net when the Group's right to receive payments is established.

Changes in the fair value of financial asset at FVPL are recognised in other gains, net in the interim condensed consolidated income statement as applicable. Impairment losses (and reversal of impairment losses) on equity investments measured at FVOCI are not reported separately from other changes in fair value.

3 ACCOUNTING POLICIES *(Continued)*

(a) New and amended standards adopted by the Group *(Continued)*

(i) Accounting policies applied from 1 January 2018 *(Continued)*

(a) HKFRS 9 Financial Instruments *(Continued)*

Investments and other financial assets (Continued)

Impairment

From 1 April 2018, the Group assesses on a forward looking basis the expected credit losses associated with its debt instruments carried at amortised cost. The impairment methodology applied depends on whether there has been a significant increase in credit risk.

For trade and bills receivables, the Group applies the simplified approach permitted by HKFRS 9, which requires expected life time losses to be recognised from initial recognition of the receivables.

(b) HKFRS 15 Revenue from Contracts with Customers

Sales of goods

The Group engaged in sales of periodicals and books. Sales are recognised when control of the products has transferred, being when the products are delivered to the customers, the customer has accepted the products, the collection of the related consideration is probable and there is no unfulfilled obligation that could affect the customer's acceptance of the products.

A receivable is recognised when the goods are delivered as this is the point in time that the consideration is unconditional because only the passage of time is required before the payment is due.

A contract liability is recognised when a customer pays consideration, or is contractually required to pay consideration and the amount is already due, before the Group recognises the related revenue. The Group recognised its contract liabilities under other payables and accruals as receipt in advance from customers in the interim condensed consolidated balance sheet.

Provision of services

The Group engaged in provision of range of media and advertising services. Revenue from providing services is recognised in the accounting period in which the services are rendered which generally coincide when the underlying media or advertising contents have been published which the Group has present right to payment in regard of the provision of services.

Some contracts include multiple elements with combination of types of service elements. The related type of services are accounted for as a separate performance obligation. Where the contracts include multiple performance obligations, the transaction price will be allocated to each performance obligation based on the stand-alone selling prices.

If the contract includes a monthly fee, revenue is recognised in the amount to which the Group has a right to invoice. Customers are invoiced on a monthly basis and consideration is payable when invoiced.

3 ACCOUNTING POLICIES *(Continued)*

(a) New and amended standards adopted by the Group *(Continued)*

(ii) Impact on the interim condensed consolidated financial information

The adoption of HKFRS 9 and HKFRS 15 did not have any material impact on the Group's interim condensed consolidated financial information.

(iii) Impact of adoption

(a) Adoption of HKFRS 9

The accounting policies were changed to comply with HKFRS 9, HKFRS 9 replaces the provisions of Hong Kong Accounting Standard 39 "Financial Instruments" ("HKAS 39") that relate to the recognition, classification and measurement of financial assets and financial liabilities; derecognition of financial instruments; impairment of financial assets and hedge accounting. HKFRS 9 also significantly amends other standards dealing with financial instruments such as HKFRS 7 "Financial Instruments — Disclosures".

The total impact on the Group's retained earnings due to classification and measurement of financial instruments as at 1 April 2018 is as follows:

	HK$'000
Opening retained earnings — HKAS 39	14,248
Increase in provision for trade receivables, net of tax	(1,536)
Adjustment to retained earnings from adoption of HKFRS 9	(1,536)
Opening retained earnings — HKFRS 9	12,712

Classification and measurement of financial instruments

On 1 January 2018 (the date of initial application of HKFRS 9), the Group does not held any financial assets require management to assess which business models apply to the financial assets and to classify into the appropriate HKFRS 9 categories.

There is no impact on the Group's accounting for financial liabilities, as the new requirements only affect the accounting for financial liabilities that are designated at fair value through profit or loss and the Group does not have any such liabilities.

Impairment of financial assets

The Group has one type of financial assets that are subject to HKFRS 9's new expected credit loss model:

— trade receivables

The Group was required to revise its impairment methodology under HKFRS 9 for each of these classes of assets.

3 ACCOUNTING POLICIES *(Continued)*

(a) New and amended standards adopted by the Group *(Continued)*

(iii) Impact of adoption *(Continued)*

(a) Adoption of HKFRS 9 *(Continued)*

While cash and cash equivalents and short-term bank deposits are also subject to the impairment requirements of HKFRS 9, the identified impairment loss was immaterial.

The Group applies the simplified approach to provide for expected credit losses prescribed by HKFRS 9, which permits the use of the life time expected losses for all trade and bills receivables. To measure the expected credit losses, trade and bills receivables have been grouped based on shared credit risk characteristics. Future cash flows for each group receivables are estimated on the basis of historical loss experience, adjusted to reflect the effects of current conditions as well as forward looking information.

Management has closely monitored the credit qualities and the collect ability of the trade and bills receivables. Trade and bills receivables in dispute are assessed individually for impairment allowance and determined whether specific provisions are required. The adoption of the simplified expected credit loss approach under HKFRS 9 has not resulted in any additional impairment loss for trade receivables as at 1 April 2018.

(b) Adoption of HKFRS 15

The Group has adopted HFKRS 15 from 1 April 2018 which resulted in changes in accounting policies and adjustments to the amounts recognised in the condensed consolidated financial information. In accordance with the transitional provisions in HKFRS 15, the Group has adopted the modified retrospective approach and comparative figures have not been restated.

The accounting policies were changed to comply with HKFRS 15. HKFRS 15 replaces the provision of HKAS 18 "Revenue" ("HKAS 18") that relate to the recognition, classification and measurement of revenue and costs.

The impact on the Group's financial position by the application of HKFRS 15 as compared to HKAS 18 that was previously in effect before the adoption of HKFRS 15 is as follows:

	As at 1 April 2018		
	As previously stated HK$'000 (Unaudited)	Reclassification under HKFRS 15 HK$'000 (Unaudited)	Restated HK$'000 (Unaudited)
Consolidated statement of financial position (extract)			
Contract liabilities	–	2,214	2,214
Receipts in advance	2,214	–	–

The adoption of HKFRS 15 has no material impact to the Group's net assets as at 31 March 2018 and the condensed consolidated results, earnings per share (basic and diluted) and condensed consolidated cash flows for the period ended 30 September 2017.

3 ACCOUNTING POLICIES *(Continued)*

(b) Impact of standards issued but not yet applied by the Group

HKFRS 16 Leases

HKFRS 16 will result in almost all leases being recognised on the consolidated balance sheet, as the distinction between operating and finance leases is removed. Under the new standard, an asset (the right to use the leased item) and a financial liability to pay rentals are recognised. The only exceptions are short-term and low-value leases.

The accounting for lessors will not significantly change.

The standard will affect primarily the accounting for Group's operating leases. As at the reporting date, the Group has non-cancellable operating lease commitments of HK$2,077,000. However, the Group has not yet determined to what extent these commitments will result in the recognition of an asset and a liability for future payments and how this will affect the Group's profit and classification of cash flows.

Some of the commitments may be covered by the exception for short-term and low value leases and some commitments may relate to arrangements that will not qualify as leases under HKFRS 16.

The new standard is mandatory for financial years commencing on or after 1 January 2019. At this stage, the Group does not intend to adopt the standard before its effective date.

There are no other standards and interpretations that are not yet effective that would be expected to have a material impact on the entity's interim condensed consolidated financial information.

4 ESTIMATES

The preparation of interim financial information requires management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets and liabilities, income and expense. Actual results may differ from these estimates.

In preparing this interim financial information, the significant judgements made by management in applying the Group's accounting policies and the key sources of estimation uncertainty were the same as those that applied to the consolidated financial statements for the year ended 31 March 2018.

5 REVENUE AND SEGMENT INFORMATION

The chief operating decision-maker ("CODM") has been identified as the executive Directors. The executive Directors review the Group's internal reporting in order to assess performance and allocate resources. The management has determined the operating segments based on these reports.

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

Digital media services

Digital media services represent provision of one-stop advertising solution packages under which the deliverables to customers are distributed on digital media platforms managed by the Group, third parties' TV channels, internet and physical advertising spaces, subject to the needs of the customers.

Print media services

Print media services represent advertorial production and advertisement placement services and sale of publications including books and magazines.

Other media services

Other media services represent advertising income generated from (i) displaying customers' advertisements and promoting their brands in events organised by the Group; (ii) sale of tickets of these events; and (iii) artistes management business, under which the Group's contracted artistes appeared in advertisements produced and events organised by the Group, as well as third party customers.

The CODM assesses the performance of the operating segments based on a measure of revenue and profit before income tax. The segment information provided to the CODM for the reportable segments is as follows:

Six months ended 30 September 2018

	Digital media services HK$'000 (Unaudited)	Print media services HK$'000 (Unaudited)	Other media services HK$'000 (Unaudited)	Total HK$'000 (Unaudited)
Revenue	41,409	3,455	6,205	51,069
Inter-segment transactions	–	–	(2,966)	(2,966)
Revenue from external customers	41,409	3,455	3,239	48,103
Segment profit/(loss) before income tax	10,191	(171)	1,548	11,568
Unallocated expenses				(1,894)
Finance income				172
Income tax expenses				(1,276)
Profit for the period				8,570
Other information:				
Depreciation	184	240	–	424

5 REVENUE AND SEGMENT INFORMATION *(Continued)*

Six months ended 30 September 2017

	Digital media services HK$'000 (Unaudited)	Print media services HK$'000 (Unaudited)	Other media services HK$'000 (Unaudited)	Total HK$'000 (Unaudited)
Revenue	38,249	4,217	835	43,301
Inter-segment transactions	–	–	(729)	(729)
Revenue from external customers	38,249	4,217	106	42,572
Segment profit/(loss) before income tax	16,214	(1,263)	51	15,002
Unallocated expenses				(8,896)
Finance income				–
Income tax expenses				(2,677)
Profit for the period				3,429
Other information:				
Depreciation	92	212	–	304

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 period is presented (Six months ended 30 September 2017: same).

The Group derives the following types of revenue:

	Six months ended 30 September	
	2018 HK$'000 (Unaudited)	2017 HK$'000 (Unaudited)
Media services income	**41,535**	37,520
Sales of periodicals and books	**3,147**	3,748
Printed advertising income	**308**	469
Performance income	**3,113**	835
Total revenue	**48,103**	42,572

6 EXPENSES BY NATURE

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

	Six months ended 30 September	
	2018	2017
	HK$'000	HK$'000
	(Unaudited)	(Unaudited)
Cost of production	**15,982**	13,093
Cost of inventories	**1,047**	846
Inventory written off	**506**	–
Printing cost	**331**	642
Employee benefit expenses, including Directors' emoluments	**16,989**	10,896
Depreciation	**424**	304
Operating lease payments	**563**	306
Auditor's remuneration		
— Audit services	**300**	400
— Non-audit services	**–**	–
Professional fee	**1,286**	45
Accounting service fee	**–**	600
Royalties	**283**	116
Listing expenses	**–**	8,896
Others	**727**	331
Total cost of sales, selling and distribution expenses and administrative expenses	**38,438**	36,475

7 OTHER INCOME

	Six months ended 30 September	
	2018	2017
	HK$'000	HK$'000
	(Unaudited)	(Unaudited)
Disposal of wastage book	**9**	8

8 OTHER GAIN

	Six months ended 30 September	
	2018	2017
	HK$'000	HK$'000
	(Unaudited)	(Unaudited)
Gain on disposal of property, plant and equipment	**–**	1
Reversal of provision for impairment of trade receivable	**307**	–
	307	1

9 INCOME TAX EXPENSES

	Six months ended 30 September	
	2018	2017
	HK$'000	HK$'000
	(Unaudited)	(Unaudited)
Current income tax — Hong Kong	**1,232**	2,680
Deferred income tax	**44**	(3)
Income tax expenses	**1,276**	2,677

On 21 March 2018, the Hong Kong Legislative Council passed The Inland Revenue (Amendment) (No. 7) Bill 2017 (the "Bill") which introduces the two-tiered profits tax rates regime.

The Bill was signed into law on 28 March 2018 and was gazetted on the following day.

Under the two-tiered profits tax rates regime, the first HK$2 million of profits of qualifying corporation will be taxed at 8.25% and profits above HK$2 million will be taxed at 16.5%.

For the Period, Hong Kong Profits Tax of the qualified entity is calculated in accordance with the two-tiered profits tax rates regime.

For the six months ended 30 September 2017, Hong Kong Profits Tax was calculated at a flat rate of 16.5% of the estimated assessable profits.

10 EARNINGS PER SHARE

(a) Basic

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

	Six months ended 30 September	
	2018 (Unaudited)	2017 (Unaudited)
Profit attributable to owners of the Company during the period (HK$'000)	**8,877**	3,429
Weighted average number of ordinary shares in issue *(Note)*	**270,000,000**	202,500,000
Basic earnings per share (Hong Kong cents)	**3.29**	1.69

Note:

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

(b) Diluted

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

11 DIVIDENDS

	For the six months ended 30 September	
	2018 HK$'000 (Unaudited)	2017 HK$'000 (Unaudited)
Interim and special dividends declared	**–**	22,000

Dividends declared during the six months ended 30 September 2017 represented dividends declared by a subsidiary now comprising the Group to the then owners of a subsidiary for the six months ended 30 September 2017 before the Listing. The rates for dividend and the number of shares ranking for dividends are not presented as such information is not considered meaningful for the purpose of this report.

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

The Board of Directors did not recommend the payment of interim dividend for the Period (Six months ended 30 September 2017: nil).

12 TRADE RECEIVABLES

	As at 30 September 2018 HK$'000 (Unaudited)	As at 31 March 2018 HK$'000 (Audited)
Trade receivables	**14,223**	18,856
Less: provision for impairment of trade receivables	**(1,229)**	–
	12,994	18,856

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

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

	As at 30 September 2018 HK$'000 (Unaudited)	As at 31 March 2018 HK$'000 (Audited)
Within 2 months	**5,781**	9,780
2 to 4 months	**5,092**	4,250
4 to 6 months	**2,000**	2,407
Over 6 months	**1,350**	2,419
	14,223	18,856

12 TRADE RECEIVABLES *(Continued)*

As at 30 September 2018 and 31 March 2018, the ageing analysis of trade receivables, based on due dates, was as follows:

	As at 30 September 2018 HK$'000 (Unaudited)	As at 31 March 2018 HK$'000 (Audited)
Current	**3,189**	7,404
Within 2 months	**6,540**	7,222
2 to 4 months	**2,437**	627
4 to 6 months	**876**	1,833
Over 6 months	**1,181**	1,770
	14,223	18,856

The Group applies the simplified approach to provide for expected credit losses prescribed by HKFRS 9. As at 30 September 2018, a provision of HK$1,229,000 (1 April 2018 — calculated under HKFRS 9: HK$1,536,000) was made against the gross amounts of trade receivables (note 3(a)(iii)(a)). Other than the aforementioned, based on past experience, management believes that no provision for impairment is necessary in respect of these balances as there has not been a significant change in credit quality and the balances are still considered fully recoverable.

13 TRADE PAYABLES

	As at 30 September 2018 HK$'000 (Unaudited)	As at 31 March 2018 HK$'000 (Audited)
Trade payables	**632**	1,632

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

13 TRADE PAYABLES *(Continued)*

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

	As at 30 September 2018 HK$'000 (Unaudited)	As at 31 March 2018 HK$'000 (Audited)
Within 1 month	**541**	790
1 to 2 months	**21**	510
2 to 3 months	**6**	241
Over 3 months	**64**	91
	632	1,632

14 OTHER PAYABLES AND ACCRUALS

	As at 30 September 2018 HK$'000 (Unaudited)	As at 31 March 2018 HK$'000 (Audited)
Other payables *(Note)*	**800**	13,739
Accruals	**3,642**	4,411
	4,442	18,150

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

Note:

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

MANAGEMENT DISCUSSION AND ANALYSIS

BUSINESS REVIEW AND OUTLOOK

The Group provides integrated advertising and media services to customers which can be categorised into (i) digital media services under which the Group provides a one-stop advertising solution package to the customers, with different types of advertisements including video, online banner, newsfeed and advertorial, through various distribution channels including the digital media platforms (which include (a) the respective fan pages of "100 Most" (100毛), "TVMost" (毛記電視) and the Group's contracted artistes on the third party social media platforms and (b) "TVMost" website and mobile application operated by the Group) (the "Digital Media Platforms"), third parties' TV channels, Internet, and physical advertising spaces; (ii) print media services which include (a) advertorial production and advertisement placement services in the 100 Most Magazine and (b) sale of publications, including 100 Most Magazine and the book publications; and (iii) other media services which include events organisation and artistes management.

Digital Media Services

Digital media services represent provision of one-stop advertising solution package under which the deliverables to the customers are distributed on the Digital Media Platforms and other platforms, such as third parties' TV channels, Internet and physical advertising spaces, subject to the needs of the customers.

Revenue from the digital media services increased from approximately HK$38.2 million for the six months ended 30 September 2017 to approximately HK$41.4 million for the six months ended 30 September 2018 (the "Period"), representing an increase of approximately 8.3%. Segment profit before income tax was approximately HK$16.2 million and HK$10.2 million for the six months ended 30 September 2017 and 2018 respectively. The performance of the Digital Media Services remained stable during the Period. The Group will continue placing effort in the digital media services segment to capture business opportunities brought by the digitalisation in the market.

Print Media Services

Print media services segment comprises (a) advertorial production and advertisement placement services and (b) sale of publications including 100 Most Magazine and books published by the Group.

Revenue from the print media services was approximately HK$4.2 million and HK$3.5 million for the six months ended 30 September 2017 and 2018 respectively. Segment loss before income tax was approximately HK$0.2 million for the Period (six months ended 30 September 2017: segment loss of approximately HK$1.3 million). The decrease of the segment loss was due to the modification of 100 Most Magazine from print into digital format. However, it is expected that the continuous change of consumers' preference from print to digital media in general and the modification of the 100 Most Magazine from print into digital format from July 2018 would further decrease the segment revenue of the print media services in the future.

Other Media Services

Other media services represent events organisation and artistes management.

Revenue from the other media services was approximately HK$0.1 million and HK$3.2 million for the six months ended 30 September 2017 and 2018 respectively. Segment profit before income tax was approximately HK$51,000 and HK$1.5 million for the six months ended 30 September 2017 and 2018 respectively. The Group successfully held a talk show in April 2018, namely East Sing Superpower Save Hong Kong (東方昇特異功能救香港), in Queen Elizabeth Stadium in Hong Kong featured one of the Group's contracted artists and hosted two performances with around 5,000 attendances. This talk show contributed a majority of revenue and profit before income tax in this segment of the Period.

Subsequent to the Period end, four performances of a drama, namely, Most Drama — I Kill Die Jor Premium Customer (毛台劇《我殺死了尊貴客戶》), were held in November 2018. The management believe that this event will bring in further revenue and profit for the year ending 31 March 2019.

MANAGEMENT DISCUSSION AND ANALYSIS

FINANCIAL REVIEW

Revenue

Revenue of the Group increased by approximately HK$5.5 million or 13.0% from approximately HK$42.6 million for the six months ended 30 September 2017 to approximately HK$48.1 million for the Period. The increase was mainly attributable to the increase in revenue from digital media services and other media services segment.

Cost of sales

The Group's cost of sales comprises direct cost incurred for the digital media services (including staff costs and production costs), print media services (including staff costs, printing costs, cost of inventories, inventory written-off, royalties and other production costs) and other media services (including staff costs and other costs incurred during organisation of events). The cost of sales increased to approximately HK$27.3 million for the Period from approximately HK$19.3 million for the six months ended 30 September 2017, representing an increase of approximately HK$8.0 million or 41.8% during the Period. The increase in cost of sales was mainly due to the increase of production costs which include fees paid to third party production houses, artistes, a social media platform for boosting the original newsfeeds on such platform, and costs for preparing production props and etc.

Gross profit and gross profit margin

For the Period, the gross profit of the Group decreased by approximately HK$2.5 million or 10.8% from approximately HK$23.3 million for the six months ended 30 September 2017 to approximately HK$20.8 million for the Period.

The overall gross profit margin of the Group was approximately 54.8% and 43.3% for the six months ended 30 September 2017 and 2018, respectively.

Other income

Other income mainly represents disposal of wastage books under the publication business and others. Other income of the Group increased by approximately HK$1,000 or 12.5% from approximately HK$8,000 for the six months ended 30 September 2017 to approximately HK$9,000 for the Period.

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$3.1 million and HK$3.5 million for the six months ended 30 September 2017 and 2018 respectively, representing an increase by approximately HK$0.4 million or 12.9%.

Administrative expenses

Administrative expenses of the Group decreased from approximately HK$14.1 million for the six months ended 30 September 2017 to approximately HK$7.7 million for the Period. Such decrease was primarily due to the absence of the non-recurring listing expenses for the Listing on 28 March 2018 (the "Listing Date") on the Main Board of the Stock Exchange incurred for the Period.

Finance income

Finance income represented deposit bank interest income received during the Period, which amounted to approximately HK$0.2 million during the Period. No such income was received by the Group for the six months ended 30 September 2017.

Profit before income tax

During the six months ended 30 September 2017 and 2018, the profit before income tax was approximately HK$6.1 million and HK$10.2 million respectively. The increase in the profit before income tax was mainly due to (i) the absence of the non-recurring listing expenses incurred for the Listing for the Period, and (ii) the decrease in loss before income tax in the print media services segment.

Income tax expenses

The income tax expenses were approximately HK$2.7 million and HK$1.3 million for the six months ended 30 September 2017 and 2018 respectively. The effective tax rate for the six months ended 30 September 2017 was approximately 43.8%. For the Period, the Group recorded an effective tax rate of approximately 12.6% principally resulted from the absence of tax effect from expenses not deductible for tax purpose which significantly increased the effective tax rate during the six months ended 30 September 2017.

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

LIQUIDITY AND FINANCIAL RESOURCES

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

As at 31 March 2018 and 30 September 2018, the Group had net current assets of approximately HK$83.2 million and HK$89.6 million, respectively, including bank balances and cash of approximately HK$80.5 million and HK$78.7 million respectively. The Group's current ratio (current assets divided by current liabilities) increased from approximately 4.4 as at 31 March 2018 to approximately 9.0 as at 30 September 2018. Such increase was mainly due to the absence of the non-recurring listing expenses in other payables and accruals for the Period.

The Group's gearing ratio as at 31 March 2018 and 30 September 2018 was calculated based on the total debt divided by the total equity as at the respective dates and multiplied by 100%. As at 31 March 2018 and 30 September 2018, the Group's gearing ratio was 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 impairment is made for irrecoverable amounts. On top of these ongoing credit evaluations, the Board closely monitors the Group's liquidity position to ensure that the liquidity structure of the Group's assets, liabilities and commitments can meet its funding requirements.

COMMITMENTS

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

The Group's operating lease commitments amounted to approximately HK$1.8 million and HK$2.1 million as at 31 March 2018 and 30 September 2018 respectively.

CAPITAL STRUCTURE

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

As at 30 September 2018, the Company had 270,000,000 Shares in issue.

SIGNIFICANT INVESTMENTS

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

MATERIAL ACQUISITIONS OR DISPOSAL OF SUBSIDIARIES, ASSOCIATES OR JOINT VENTURES

On 12 September 2017, the Group completed the Reorganisation, details of which are set out in the section headed "History, Development and Reorganisation — Reorganisation" in the Prospectus.

Subsequent to the completion of the Reorganisation and up to 30 September 2018, the Group did not have any acquisitions or disposals of subsidiaries, associates or joint ventures.

FUTURE PLANS FOR MATERIAL INVESTMENTS AND CAPITAL ASSETS

Save as those disclosed under the section headed "Business — Business Strategies" in the Prospectus, the Group currently has no other plan for material investments and capital assets.

CONTINGENT LIABILITIES

The Group did not have material contingent liabilities as at 31 March 2018 and 30 September 2018.

FOREIGN EXCHANGE EXPOSURE

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

PLEDGE OF ASSETS

As at 31 March 2018 and 30 September 2018, none of the Group's assets were pledged.

EMPLOYEES AND REMUNERATION POLICIES

The total number of full-time employees were 94 and 106 as at 31 March 2018 and 30 September 2018, respectively. The Group's employee benefit expenses mainly included salaries, discretionary bonuses, medical insurance coverage, other staff benefits and contributions to retirement schemes. For the six months ended 30 September 2017 and 2018, the Group's total employee benefit expenses (including Directors' emoluments) amounted to approximately HK$10.9 million and HK$17.0 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.

DIVIDEND

The Board does not recommend payment of an interim dividend for the Period (Six months ended 30 September 2017: HK$22 million).

Dividends declared during the six months ended 30 September 2017 represented dividends declared by a subsidiary of the Group to the then owners of the subsidiary for the six months ended 30 September 2017 before the Listing.

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 Period and up to the date of this interim report.

Business strategies as stated in the Prospectus	Actual business progress up to the date of this interim report
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. Negotiations with market players are in preliminary stage.
Expand the customer base and business operations through sales and marketing efforts	Hired additional sales executives to support the business growth in digital media services segment. Recruited marketing staff to assist in conducting pitching activities to build up and strengthen relationship with a broader customer base. Planned to invite selected key opinion leaders, advertising agencies and/or experts from different industries in Hong Kong to deliver seminars and training programmes relating to the business, operation and/or market development to the staff so as to keep the staff abreast to the latest market knowledge on a regular basis.
Upgrade IT infrastructure and procure equipment with advanced technologies to facilitate production efficiency	Obtaining fee quotations for the upgrade of the TVMost website, mobile application and the internal IT system of the Group and purchased certain new production equipment with advanced technologies.
Strengthen the efforts in events organisation to further extend the Group's marketing channels	Planned to recruit two new staff who have experience in events organisation. The Group held two performances of a talk show in April 2018 and four performances of a drama in November 2018. Through these events organisation, the existing design and production team extended the marketing channels to physical arena with the engagement/assistance of the external event management companies

MANAGEMENT DISCUSSION AND ANALYSIS

USE OF PROCEEDS

The Shares have been successfully listed on the Main Board of the Stock Exchange on the Listing Date. The actual net proceeds from the Listing, after deducting commission and expenses in connection with the Listing, were approximately HK$53.5 million (the "Actual Net Proceeds"). The table below sets out an adjusted allocation and the actual use of the Actual Net Proceeds for the Period.

Business strategies as set out in the Prospectus	The Actual Net Proceeds	Actual use of the Actual Net Proceeds For the Period
	HK$ million	HK$ million
Pursue growth through mergers and acquisitions and/or strategic alliance	15.19	–
Expand the customer base and business operations through sales and marketing efforts	11.72	0.69
Upgrade IT infrastructure and procure equipment with advanced technologies to facilitate production efficiency	11.13	1.01
Strengthen the efforts in events organisation to further extend the Group's marketing channels	10.11	1.62
As working capital and for general corporate purposes	5.35	–
Total:	53.50	3.32

DIRECTORS' AND CHIEF EXECUTIVES' INTERESTS AND SHORT POSITIONS IN THE SHARES, UNDERLYING SHARES AND DEBENTURES OF THE COMPANY OR ANY SPECIFIED UNDERTAKING OF THE COMPANY OR ANY OTHER ASSOCIATED CORPORATIONS

As at 30 September 2018, the interests and short positions of the Directors and the chief executives of the Company in the Shares, underlying Shares or debentures of the Company or its associated corporations (within the meaning of Part XV of the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong) ("the SFO") (i) which were required to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests or short positions which they were taken or deemed to have under such provisions of the SFO); or (ii) which were required, pursuant to Section 352 of the SFO, to be entered in the register referred to therein; or (iii) which were required to be notified to the Company and the Stock Exchange pursuant to the Model Code contained in Appendix 10 of the Listing Rules, were as follows:

Name of Directors	Nature of interest	Number of Shares held	Percentage of shareholding in the Company's issued share capital
Mr. Iu Kar Ho ("Mr. Iu")	Interest in a controlled corporation	182,250,000 (L) (Note 2)	67.5%
Mr. Luk Ka Chun ("Mr. Luk")	Interest in a controlled corporation	182,250,000 (L) (Note 2)	67.5%
Mr. Tsui Ka Ho ("Mr. Tsui")	Interest in a controlled corporation	182,250,000 (L) (Note 2)	67.5%

Notes:

(1) The letter "L" denotes a long position in the Shares

(2) These shares are held by Blackpaper Limited ("Blackpaper BVI"). Blackpaper BVI is legally and beneficially owned equally amongst Mr. Iu, Mr. Luk and Mr. Tsui. Each of Mr. Iu, Mr. Luk and Mr. Tsui is deemed to be interested in the 182,250,000 Shares held by Blackpaper BVI under to the SFO.

Save as disclosed above, as at 30 September 2018, none of the Directors nor chief executive of the Company has registered an interests and short positions in the Shares, underlying Shares or debentures of the Company or any of its associated corporations (within the meaning of Part XV of the SFO) (i) which were required to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions which were taken or deemed to have under such provisions of the SFO); or (ii) which were required, pursuant to Section 352 of the SFO, to be entered in the register referred to therein; or (iii) which were required to be notified to the Company and the Stock Exchange pursuant to the Model Code.

OTHER INFORMATION

INTERESTS AND SHORT POSITIONS OF THE SUBSTANTIAL SHAREHOLDERS OF THE COMPANY AND OTHER PERSONS IN THE SHARES, UNDERLYING SHARES AND DEBENTURES OF THE COMPANY OR ANY SPECIFIED UNDERTAKING OF THE COMPANY OR ANY OTHER ASSOCIATED CORPORATIONS

So far as the Directors are aware, as at 30 September 2018, the following persons (not being Directors or chief executive of the Company) have or are deemed or taken to have an interest or short position in the Shares or the underlying Shares of the Company which would fall to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO or which would be recorded in the register required to be kept under Section 336 of the SFO:

Name of shareholders	**Nature of interests**	**Number of Shares held**	**Percentage of shareholding in the Company's issued share capital**
Blackpaper BVI	Beneficial owner	182,250,000 (L) (Note 2)	67.5%
Ms. Choi Ming Lai Dejay	Spouse Interest	182,250,000 (L) (Note 3)	67.5%
Tronix Investment Limited ("Tronix")	Beneficial owner	20,250,000 (L) (Note 4)	7.5%
Loka Investment Limited ("Loka")	Interest in a controlled corporation	20,250,000 (L) (Note 4)	7.5%
One Media Holdings Limited ("One Media Holdings")	Interest in a controlled corporation	20,250,000 (L) (Note 4)	7.5%
One Media Group Limited ("One Media Group")	Interest of controlled corporation	20,250,000 (L) (Note 4)	7.5%
Comwell Investment Limited ("Comwell")	Interest of controlled corporation	20,250,000 (L) (Note 4)	7.5%
Media Chinese International Holdings Limited ("Media Chinese Holdings")	Interest of controlled corporation	20,250,000 (L) (Note 4)	7.5%
Media Chinese International Limited ("Media Chinese International")	Interest of controlled corporation	20,250,000 (L) (Note 4)	7.5%
Tan Sri Datuk Sir Tiong Hiew King	Interest of controlled corporation	20,250,000 (L) (Note 4)	7.5%

Note:

(1) The letter "L" denotes a long position in the Shares.

(2) Blackpaper BVI is legally and beneficially owned equally amongst Mr. Iu, Mr. Luk and Mr. Tsui. Each of Mr. Iu, Mr. Luk and Mr. Tsui is deemed to be interested in the 182,250,000 Shares held by Blackpaper BVI under the SFO.

(3) Ms. Choi Ming Lai Dejay is the spouse of Mr. Tsui and is therefore deemed to be interested in the same number of Shares in which Mr. Tsui is interested under the SFO.

(4) These Shares are held by Tronix. Tronix is beneficially owned as to 100% by Loka. Loka is beneficially owned as to 100% by One Media Holdings. One Media Holdings is beneficially owned as to 100% by One Media Group. One Media Group is beneficially owned as to 73.01% by Comwell. Comwell is beneficially owned as to 100% by Media Chinese Holdings. Media China Holding is beneficially owned as to 100% by Media Chinese International. Media Chinese International is beneficially owned as to 50.62% by Tan Sri Datuk Sir Tiong Hiew King by virtue of his personal interests, family interests and interests in various corporate entities.

Save as disclosed above, as at 30 September 2018, the Directors were not aware of any other persons who had any interests or short positions in the Shares or underlying Shares of the Company which would fall to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO or which would be recorded in the register required to be kept under Section 336 of the SFO, and/or who are directly or indirectly interested in 5% or more of the nominal value of any class of share capital carrying rights to vote in all circumstances at general meetings of any other member of the Group.

SHARE OPTION SCHEME

The Company's share option scheme (the "Share Option Scheme") was adopted by the Company on 2 March 2018. The terms of the Share Option Scheme are in accordance with the provisions of Chapter 17 of the Listing Rules.

No share options were granted since the adoption of the Share Option Scheme and there are no outstanding share options at the end of the Period.

SIGNIFICANT EVENTS AFTER THE REPORTING PERIOD

There are no significant events affecting the Group after the Period and up to the date of this interim report.

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

During the Period, neither the Company nor any of its subsidiaries had purchased, sold or redeemed any of the listed securities of the Company.

COMPETING BUSINESS

During the Period, none of the Directors or the Controlling Shareholders or substantial shareholders (as defined in the Listing Rules) of the Company or their respective close associates (as defined in the Listing Rules) were considered to have any interests in a business which competed or was likely to compete, either directly or indirectly, with the business of the Group and/or caused, or was likely to cause any other conflicts of interest with the Group.

OTHER INFORMATION

NON-COMPETITION UNDERTAKING

A deed of non-competition (the "Deed") was entered into by Blackpaper BVI, Mr. Iu, Mr. Luk and Mr. Tsui in favour of the Company, details of which were set out in the Prospectus.

CODE ON CORPORATE GOVERNANCE PRACTICES

The Company has adopted and complied with code provisions (the "Code Provisions") as set out under the Corporate Governance Code (the "CG Code") contained in Appendix 14 to the Listing Rules. During the Period, the Company has complied with all the Code Provisions of the CG Code.

MODEL CODE FOR SECURITIES TRANSACTIONS

The Company has adopted the Model Code for Securities Transactions by Directors of Listed Issuers (the "Model Code") as set out in Appendix 10 of the Listing Rules as a code of conduct of the Company for Directors' securities transactions. The Company has made specific enquiry of all Directors and the relevant employees regarding any non-compliance with the Model Code during the Period and they have all confirmed that they had fully complied with the required standard set out in the Model Code.

CHANGE OF DIRECTORS' INFORMATION

Pursuant to Rule 13.51B of the Listing Rules, the changes in information of Directors subsequent to the date of annual report of the Company are set out below.

On 9 November 2018, Mr. Ho Kwong Yu was appointed as an independent non-executive director of Sino Golf Holdings Limited (which is listed on the Stock Exchange with the stock code 361).

On 16 October 2018, Mr. Leung Ting Yuk was appointed as an independent non-executive director of Xinyi Energy Holdings Limited.

AUDIT COMMITTEE

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

The Audit Committee has reviewed the Group's unaudited consolidated financial statements for the Period.

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

Hong Kong, 28 November 2018

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