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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)

**SUPPLEMENTAL ANNOUNCEMENT TO THE ANNUAL REPORT
FOR THE YEAR ENDED 31 MARCH 2019**

Reference is made to the prospectus of Most Kwai Chung Limited (the “**Company**”, together with its subsidiaries, the “**Group**”) dated 16 March 2018 (the “**Prospectus**”) and the annual report of the Company for the year ended 31 March 2019 (the “**2019 Annual Report**”). Unless otherwise defined, capitalised terms used in this announcement shall have the same meanings as those defined in the Prospectus and the 2019 Annual Report.

In addition to the information disclosed in the sections headed “Comparison of Business Strategies with Actual Business Progress” and “Use of Proceeds” in the 2019 Annual Report, the Board would like to provide additional information pursuant to paragraphs 11(8) and 11A of Appendix 16 of the Listing Rules in relation to the use of net proceeds of approximately HK\$53.5 million raised from the Share Offer (including the expected timeline for the application of the unutilised proceeds as at 31 March 2020) as below:

	Actual net proceeds (Note) HK\$ million	Actual use of proceeds from the Listing Date to 31 March 2019 HK\$ million	Actual use of proceeds for the year ended 31 March 2020 HK\$ million	Unutilised proceeds as at 31 March 2020 HK\$ million	Expected timeline for the application of the unutilised proceeds
Pursue growth through mergers and acquisitions and/or strategic alliance	15.19	—	—	15.19	By 31 March 2021
Expand the customer base and business operations through sales and marketing efforts	11.72	1.80	4.61	5.31	By 31 March 2021
Upgrade IT infrastructure and procure equipment with advanced technologies to facilitate production efficiency	11.13	0.99	0.24	9.9	By 31 March 2021
Strengthen the efforts in events organisation to further extend the Group’s marketing channels	10.11	7.88	2.23	—	—
As working capital and for general corporate purposes	5.35	—	5.35	—	—
Total	53.50	10.67	12.43	30.40	

Note: The application of the net proceeds from the Share Offer is based on the proposed percentage of utilisation as specified in the section headed “Future Plans and Use of Proceeds” in the Prospectus.

As at 31 March 2020, all unutilised proceeds of approximately HK\$30.40 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 2021.

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 2020, 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 2020 and up to the date of this announcement, the Group was still in the process of identifying potential acquisition targets which are engaged in, among others, video productions, event marketing, digital advertising and media related services and/or technology development.

As for the expansion of the customer base and business operations through sales and marketing efforts, since the Group had been focusing on events organisation since the Listing Date and up to 31 March 2020, less emphasis had been placed on conducting marketing activities and campaigns, and the number of sales executives and marketing staff hired by the Group during the period was fewer than expected.

As for the upgrade of IT infrastructure and procurement of equipment with advanced technologies to facilitate production efficiency, the Company was still in discussion with various service providers in upgrading the TVMost website and mobile application as at the date of this announcement due to the rapid change of social media trends.

In view of the above, part of the actual net proceeds which was expected to be utilised by 31 March 2020 was not fully utilised accordingly. The Board considers extending the expected timeline for the application of such unutilised proceeds to 31 March 2021 (i) allows the Group to make due and careful decisions in applying the net proceeds with reference to the latest internal and external factors; and (ii) enables the Group to minimise the disruption to its operation, and thus it is in the best interests of the Company and its shareholders as a whole. The Board confirms that there is no change to the intended use of net proceeds as disclosed in the Prospectus.

The supplementary information provided in this announcement does not affect other information contained in the 2019 Annual Report and save as disclosed above, all other information in the 2019 Annual Report remains unchanged.

On behalf of the Board
Most Kwai Chung Limited
IU Kar Ho
Chairman and executive director

Hong Kong, 15 July 2020

As at the date of this announcement, the Board comprises Mr. IU Kar Ho (Chairman), Mr. LUK Ka Chun and Mr. TSUI Ka Ho, being executive directors; and Mr. LEUNG Wai Man, Mr. HO Kwong Yu and Mr. LEUNG Ting Yuk, being independent non-executive directors.