

Hong Kong Exchanges and Clearing Limited and The Stock Exchange of Hong Kong Limited take no responsibility for the contents of this announcement, make no representation as to its accuracy or completeness and expressly disclaim any liability whatsoever for any loss howsoever arising from or in reliance upon the whole or any part of the contents of this announcement.



Most Kwai Chung Limited

毛記葵涌有限公司

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 1716)

CHANGE IN USE OF PROCEEDS

References are made to the prospectus of Most Kwai Chung Limited (the “**Company**”, together with its subsidiaries, the “**Group**”) dated 16 March 2018 (the “**Prospectus**”) in relation to the Share Offer, the annual report of the Company for the year ended 31 March 2018 (the “**Annual Report 2018**”) published on 3 July 2018, the interim report of the Company for the six months ended 30 September 2018 (the “**Interim Report 2018/19**”) published on 12 December 2018, the annual report of the Company for the year ended 31 March 2019 (the “**Annual Report 2019**”) published on 8 July 2019, the supplemental announcement to the Annual Report 2019 published on 15 July 2020 (the “**Supplemental Announcement**”), the annual report of the Company for the year ended 31 March 2020 (the “**Annual Report 2020**”) published on 21 July 2020 and the interim report of the Company for the six months ended 30 September 2020 (the “**Interim Report 2020/21**”) published on 17 December 2020. Unless otherwise defined, capitalised terms used herein shall have the same meanings as defined in the Prospectus.

PLANNED USE OF PROCEEDS

The actual net proceeds raised from the Share Offer, after deducting commissions and expenses in connection with the Share Offer, were approximately HK\$53.50 million (the “**Actual Net Proceeds**”). As disclosed in the section headed “Future Plans and Use of Proceeds” in the Prospectus, the Annual Report 2018, the Interim Report 2018/19, the Annual Report 2019, the Supplemental Announcement, the Annual Report 2020 and the Interim Report 2020/21, the Company intended to use the Actual Net Proceeds raised from the Share Offer as follows:

- (i) approximately HK\$15.19 million, representing approximately 28.4% of the Actual Net Proceeds, was intended to be used for pursuing growth through mergers and acquisitions and/or strategic alliance;
- (ii) approximately HK\$11.72 million, representing approximately 21.9% of the Actual Net Proceeds, was intended to be used for expanding the Group’s customer base and business operations through sales and marketing efforts;

- (iii) approximately HK\$11.13 million, representing approximately 20.8% of the Actual Net Proceeds, was intended to be used for upgrading IT infrastructure and procuring equipment with advanced technologies to facilitate production efficiency;
- (iv) approximately HK\$10.11 million, representing approximately 18.9% of the Actual Net Proceeds, was intended to be used for strengthening the efforts in events organisation to further extend the Group’s marketing channels; and
- (v) approximately HK\$5.35 million, representing approximately 10.0% of the Actual Net Proceeds, was intended to be used as working capital and for general corporate purposes.

CHANGE IN USE OF PROCEEDS

As at the date of this announcement, the unutilised Actual Net Proceeds amounted to approximately HK\$28.89 million (the “**Unutilised Net Proceeds**”). For the reasons set out in the paragraph headed “Reasons for and benefits of the change in use of proceeds” in this announcement, the board of directors (the “**Directors**”) of the Company (the “**Board**”) has resolved to change the use of the Unutilised Net Proceeds as follows:

Intended use of Actual Net Proceeds	Original allocation of Actual Net Proceeds (as per the Interim Report 2020/21) <i>HK\$ million</i>	Utilised amount as at the date of this announcement <i>HK\$ million</i>	Unutilised Net Proceeds as at the date of this announcement <i>HK\$ million</i>	Proposed change in allocation of the Unutilised Net Proceeds <i>HK\$ million</i>	Revised allocation of Unutilised Net Proceeds <i>HK\$ million</i>	Estimated timeline for utilisation of the Unutilised Net Proceeds after re-allocation
Pursue growth through mergers and acquisitions and/or strategic alliance	15.19	—	15.19	(9.84)	5.35	31 March 2023
Expand the customer base and business operations through sales and marketing efforts	11.72	7.83	3.89	(1.02)	2.87	31 March 2023
Upgrade IT infrastructure and procure equipment with advanced technologies to facilitate production efficiency	11.13	1.32	9.81	(8.45)	1.36	31 March 2023
Strengthen the efforts in events organisation to further extend the Group’s marketing channels	10.11	10.11	—	5.94	5.94	31 March 2023
As working capital and for general corporate purposes	5.35	5.35	—	13.37	13.37	31 March 2023
Total	53.50	24.61	28.89	—	28.89	

REASONS FOR AND BENEFITS OF THE CHANGE IN USE OF PROCEEDS

The outbreak of the coronavirus disease 2019 (the “**COVID-19 Outbreak**”) has significantly impacted the economic and financial markets in Hong Kong, leading to the economic downturn in Hong Kong in 2020 and the resulting reduction in demand for advertising services.

Having considered:

- (i) the impact of the COVID-19 Outbreak and the uncertainty over the severity and duration of the economic downturn in Hong Kong brought about by the COVID-19 Outbreak;
- (ii) that the Group has not identified any suitable target for acquisition or strategic alliance that the Board considers to be beneficial to the Group and its shareholders as a whole;
- (iii) that the Group intends to place less emphasis on upgrading the Group’s IT infrastructure and equipment given the reduction in demand for advertising services in Hong Kong; and
- (iv) that the Group intends to place more focus on events organisation due to the continuous support from audience from live performance,

the Board is of the view that it is more beneficial and appropriate to (i) allocate more resources for event organisation so as to further extend the Groups marketing channels and (ii) strengthen the Group’s liquidity and cash flow management in order to maintain its business operations, settle payments to its subcontractors and provide greater flexibility in the use of funds.

As such, the Board has decided to re-allocate approximately (i) HK\$5.94 million from the Unutilised Net Proceeds to enhance the growth of the Group’s events organisation segment; and (ii) HK\$13.37 million to supplement the Group’s working capital and for general corporate purposes. Such re-allocation will give the Group a higher degree of flexibility in cash flow management, with enriched financial resources at its disposal while reserving the rights to apply the Unutilised Net Proceeds to its original business expansion plan as and when suitable opportunities arise. It also allows the Group to meet its operational needs and provide more buffer to cope with the economic uncertainties in the future.

The Board’s views

Save for the aforesaid changes, there is no other change in the use of the Actual Net Proceeds. The Board is of the view that the aforesaid re-allocation of the Unutilised Net Proceeds will be favourable to the Group’s long term business development and will represent a more appropriate utilisation of the Unutilised Net Proceeds in light of the above reasons. The Board will also closely monitor the utilisation of the Unutilised Net Proceeds with the interests of the Company and the Shareholders in mind.

The Board further confirms that there is no material change in the business nature of the Group as set out in the Prospectus, the Annual Report 2018, the Interim Report 2018/19, the Annual Report 2019, the Supplemental Announcement, the Annual Report 2020 and the

Interim Report 2020/21. The Board considers that the proposed change in use of the Actual Net Proceeds will not have any material adverse impact on the operations of the Group and is in the best interests of the Company and the Shareholders as a whole.

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

Hong Kong, 17 March 2021

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 the executive directors; and Mr. LEUNG Wai Man, Mr. HO Kwong Yu and Mr. LEUNG Ting Yuk, being the independent non-executive directors.