This summary aims to give you an overview of the information contained in this document. Since this is a summary, it does not contain all the information that may be important to you. You should read the whole document before you decide to invest in the [**REDACTED**]. *There are risks associated with any investment. Some of the particular risks in investing in the* [**REDACTED**] *are set out in "Risk factors" in this document. You should read that section carefully before you decide to invest in the* [**REDACTED**].

OVERVIEW

We are a leading distributor of third-party owned media content headquartered in Hong Kong with presence in the PRC, Singapore, Malaysia, Taiwan, Indonesia and Japan. Under our Media Content Distribution Business, we cooperate closely with the media content licensors through entering into content distribution arrangements with them and are capable of distributing media content relating to animation series, variety shows, drama series and animated and live-action feature films to our customers through entering into content sub-licensing agreements with them. In particular, we believe that we have a well-established position in distributing Japanese animation. During the Track Record Period and up to the Latest Practicable Date, our major customers primarily included operators of online media platforms and media networks. During the Track Record Period, revenue derived from Japanese animation distribution accounted for approximately 80.3%, 87.2%, 90.2% and 86.8% of our total revenue, respectively. According to the Frost & Sullivan Report, we ranked number one among Japanese animation distributors in the PRC in terms of revenue in 2017.

Having been engaged in the business of media content distribution for over 18 years, we have experienced the evolution and development of the media content industry in the Asia Pacific region. According to the Frost & Sullivan Report, technological advancement from the domination of free terrestrial TV, the rising of satellite and pay TV to the emergence of online entertainment platforms and OTT channels have transformed the way how media content has been consumed by viewers. Over the years of our operations, our Group has been offering media content to various media platforms and expanding our geographical footprint. We believe that as a result of our ability in identifying animation series and drama series with good viewership potential and our connection with some of the major online entertainment platforms and TV and media networks in the Asia Pacific region, we were able to help these series reach a broad and diverse audience base in the Asia Pacific region and other countries during the Track Record Period. As at the Latest Practicable Date, the media content we distributed was able to reach viewers in the PRC, Hong Kong, Macau, Taiwan, the Philippines, Singapore, Thailand, Malaysia, Indonesia, India, Brunei and other countries. Since our establishment in 2000 and up to the Latest Practicable Date, we had distributed hit animation series including "Cardcaptor Sakura", "City Hunter", "Fullmetal Alchemist", "INITIAL D", "Mobile Suit Gundam Wing", "Pleasant Goat and Big Big Wolf", "Ultraman Tiga" and "Yu-Gi-Oh!" and live-action series, "Coffee Prince", "It Started with a Kiss", "Meteor Garden", "My Girl" and "The Prince Who Turns Into a Frog".

Leveraging our strong experience in our Media Content Distribution Business, our Group also engages in the Brand Licensing Business, where we are involved in the licensing of various rights in relation to brands owned by brand licensors including certain merchandising rights, for the use in toys, apparels and footwear, health and beauty products, food and beverage; location-based entertainment rights for events, theme parks, shopping malls, cafes and restaurants; and promotion rights in the Asia Pacific region. Under our Brand Licensing Business, we (i) source various rights of brands directly from the licensors and sub-license such rights directly to our customers, or (ii) serve as an agent for certain brand licensors to, among others, help them identify, and negotiate licensing terms with, the potential customers.

On 27 August 2018, Ms. Lovinia Chiu, our Controlling Shareholder, entered into a sale and purchase agreement with Ms. Noletta Chiu, a Director and a sister of the Controlling Shareholder, to acquire remaining 50% shareholding interest in MAIL for consideration of HK$20.0 million and the transaction was completed on the same date. The MAIL Acquisition was made as part of our Group's strategy to expand our Brand Licensing Business. Upon completion of the MAIL Acquisition, we, through MAIL, were involved in the licensing of renowned brands such as "Le Petit Prince", "MONOPOLY", "Moomin", "Mr. Men Little Miss", "PJ Masks" and "TRANSFORMERS". MAIL contributed approximately HK$10.1 million to our Group's revenue and HK$2.3 million to our combined profit for the seven months ended 31 October 2018.

OUR BUSINESS MODEL

We distribute media content from media content licensors in the Asia Pacific region. Under our Media Content Distribution Business, we obtain rights to use, and rights to sub-license the use of, the media content from the media content licensors through entering into content distribution agreements with them and distribute these media content to our customers through entering into content sub-licensing agreements with them.

Under our Media Content Distribution Business, we focus on cooperating closely with the media content licensors through entering into content distribution arrangements with them and are capable of distributing media content relating to animation series, variety shows, drama series and animated/live-action feature films to our customers through entering into content sub-licensing arrangements with them.

In addition, we engage in the Brand Licensing Business where we obtain various rights to use the third-party owned brands including certain merchandising rights, location-based entertainment rights and promotion rights, and sub-license the use of these brands to our customers through entering into sub-licensing arrangements with them. Under our Brand Licensing Business, we also enter into brand agency agreements with some of the brand licensors to act as an agent for them. We generally identify sub-licensees such as manufacturers/distributors of different product categories including toys, apparels and footwear, health and beauty products, food and beverage, and other sub-licensees for events, theme parks, shopping malls, cafes and restaurants in the Asia Pacific region.

During the Track Record Period and up to the Latest Practicable Date, we were also involved in co-investment in the production of Japanese animation series.

Our suppliers and customers

During the Track Record Period and up to the Latest Practicable Date, our major suppliers primarily included our media content licensors. As at the Latest Practicable Date, we had established relationships with our five largest suppliers for the Track Record Period for periods ranging between two and 17 years. For the three years ended 31 March 2018 and the seven months ended 31 October 2018, purchases from our five largest suppliers were approximately HK$69.8 million, HK$109.8 million, HK$106.4 million and HK$143.4 million, respectively, which accounted for approximately 67.8%, 67.1%, 61.9% and 65.6% of our total purchases, respectively during the same periods. During the Track Record Period and up to the Latest Practicable Date, none of our Directors, their respective close associates, or any Shareholder (who, to the knowledge of our Directors, owned more than 5% of our issued capital as at the Latest Practicable Date), held any interest in any of our five largest suppliers for the Track Record Period.

During the Track Record Period and up to the Latest Practicable Date, our major customers primarily included operators of online media platforms and media networks, and our other customers under our Brand Licensing Business mainly included some brand licensors (where we acted as their agent) and sub-licensees such as manufacturers/distributors of different product categories including toys, apparels and footwear, health and beauty products, food and beverage, and other sub-licensees involving events, theme parks, shopping malls, cafes and restaurants in the Asia Pacific region.

For the three years ended 31 March 2018 and the seven months ended 31 October 2018, the revenue attributable to our five largest customers was approximately HK$104.8 million, HK$182.0 million, HK$252.7 million and HK$289.2 million, respectively, which accounted for approximately 61.2%, 69.0%, 80.5% and 82.2%, of our total revenue for the same periods. During the Track Record Period and up to the Latest Practicable Date, none of our Directors, their respective close associates, or any Shareholder (who, to the knowledge of our Directors, owned more than 5% of our issued capital as at the Latest Practicable Date), held any interest in any of our five largest customers for the Track Record Period.

See "Business – Our suppliers" and "Business – Our customers" in this document for further details on our suppliers and customers.

OUR COMPETITIVE STRENGTHS

We believe that the following principal strengths are crucial to our success and essential for our future growth: (i) we have strong standing relationships with media content licensors; (ii) our broad portfolio of media content enables us to offer a wide selection of different content to satisfy customers' preferences and tastes; (iii) we have established a broad and extensive content distribution network with some of the reputable media platforms; (iv) we play a key role as a distributor of media content capable of providing one-stop distribution services to our customers; and (v) we have an experienced senior management team with comprehensive industry and market knowledge and a proven track record. See "Business – Our competitive strengths" in this document for further details.

OUR BUSINESS STRATEGIES

We aim to strengthen our market position in our industry through the following strategies: (i) enrich and expand our media content offering to stay abreast of evolving viewer preferences; (ii) enhance our position in existing markets and strategically expand into other selected markets; (iii) expand our Brand Licensing Business by increasing our brand offerings; (iv) introduce media content and brands created in Hong Kong to international audience; (v) invest in the production of animated/live-action media content; (vi) replicate our success in our proprietary "Ani-One" brand and seek further opportunities to develop our Media Content Distribution Business; and (vii) relocate our Hong Kong office and continue to recruit talents to support our business growth in our Hong Kong and the PRC/overseas offices. See "Business – Our business strategies" in this document for further details.

RISK FACTORS

Our business is subject to a number of risks and there are risks relating to an investment in the [**REDACTED**]. We believe that the following are some of the major risks that may have a material adverse effect on our business.

(i) If we fail to source high-quality, popular media content from media content licensors upon terms acceptable to us or if there is any loss or deterioration of relationship with our media content licensors, our business may be materially and adversely affected.

(ii) If we fail to identify sufficient or suitable customers for our licensed media content, our business performance, results of operations and financial condition may be materially and adversely affected.

(iii) If we fail to identify the market trend and our licensed media content fail to compete successfully with other media content, our business performance, results of operations and financial condition may be materially and adversely affected.

(iv) Any imposition of additional or more stringent laws or regulations on the distribution of media content by the PRC government or governments of other regions may result in an adverse effect on our results of operations.

(v) We mainly derived our revenue in the PRC during the Track Record Period and changes in the PRC market or economic conditions could adversely affect our results of operations.

(vi) Distribution of our licensed media content on the internet may be found objectionable by the PRC regulatory authorities and affect our results of operations.

(vii) We generated a substantial portion of our revenue from our five largest customers during the Track Record Period and any loss or deterioration of relationship with them may affect our business.

You should read "Risk factors" in this document carefully before making any investment decision in the [**REDACTED**].

COMPETITIVE LANDSCAPE

Japanese animation content distribution market: According to the Frost & Sullivan Report, in terms of revenue, the top three players together accounted for approximately 34.9% of the Japanese animation content distribution market in the PRC in 2017. According to the Frost & Sullivan Report, our Company led the market and ranked number one among Japanese animation distributors in the PRC in terms of revenue in 2017, accounting for approximately 14.1% of the total market in the PRC.

Entertainment and character IP licensing market: According to the Frost & Sullivan Report, at the end of 2017, there were approximately over 300 active IP licensors in the entertainment and character IP licensing market of the PRC. However, the number of licensing distributors was less than 100 due to shorter development history. Currently, entertainment/character is the major IP type in the PRC's entertainment and character IP licensing market, among which animation and comics characters are the most popular licensed category for licensing distributors in the PRC.

SUMMARY FINANCIAL INFORMATION AND OPERATING DATA

Highlight of combined statements of profit or loss and other comprehensive income

The following table summarises the combined statements of profit or loss from our financial statements during the Track Record Period, details of which are set out in the Accountants' Report in Appendix I to this document.

	For the year ended 31 March						For the seven months ended 31 October			
	2016		2017		2018		2017		2018	
	HK$'000	*%*	*HK$'000*	*%*	*HK$'000*	*%*	*HK$'000 (unaudited)*	*%*	*HK$'000*	*%*
Revenue	171,091	100.0	263,823	100.0	313,876	100.0	176,628	100.0	352,076	100.0
Cost of sales	(91,398)	(53.4)	(137,991)	(52.3)	(156,910)	(50.0)	(88,179)	(49.9)	(183,417)	(52.1)
Gross profit	79,693	46.6	125,832	47.7	156,966	50.0	88,449	50.1	168,659	47.9
Other income and gains	5,114	3.0	5,429	2.1	17,541	5.6	8,581	4.8	4,701	1.3
Selling and distribution expenses	(21,128)	(12.3)	(34,669)	(13.1)	(43,959)	(14.0)	(26,424)	(15.0)	(31,454)	(8.9)
General and administrative expenses	(12,252)	(7.2)	(17,071)	(6.5)	(24,869)	(7.9)	(13,293)	(7.5)	(21,653)	(6.1)
Other expenses, net	(6,777)	(4.0)	(16,828)	(6.4)	133	–	–	–	(2,421)	(0.7)
Profit before income tax	44,650	26.1	62,693	23.8	105,812	33.7	57,313	32.4	117,832	33.5
Income tax expense	(9,306)	(5.4)	(9,116)	(3.5)	(11,977)	(3.8)	(8,850)	(5.0)	(20,765)	(5.9)
Profit for the year/period	35,344	20.7	53,577	20.3	93,835	29.9	48,463	27.4	97,067	27.6

Revenue

Our revenue represented income from (i) our Media Content Distribution Business; and (ii) Brand Licensing Business. The following table sets out our revenue by business segment for the periods indicated:

	For the year ended 31 March						For the seven months ended 31 October			
	2016		2017		2018		2017		2018	
	HK$'000	*%*	*HK$'000*	*%*	*HK$'000*	*%*	*HK$'000* *(unaudited)*	*%*	*HK$'000*	*%*
Media Content Distribution Business	147,946	86.5	234,062	88.7	291,122	92.8	162,506	92.0	327,394	93.0
Brand Licensing Business	23,145	13.5	29,761	11.3	22,754	7.2	14,122	8.0	24,682	7.0
Total	171,091	100.0	263,823	100.0	313,876	100.0	176,628	100.0	352,076	100.0

Our revenue increased by approximately HK$92.7 million or 54.2% from approximately HK$171.1 million for the year ended 31 March 2016 to approximately HK$263.8 million for the year ended 31 March 2017 primarily resulting from both the increase in revenue from (i) our Media Content Distribution Business which was attributable to the increase in revenue from our top five revenue-generating titles of media content. Such increase was mainly led by the relatively higher revenue generated from an animation series serialised from a well-received Japanese manga series; and (ii) our Brand Licensing Business which was primarily due to (a) the increase in the number of sub-licensees for the sub-licensing of a character in a Japanese anime and (b) the increase in our revenue from sub-licensing of brands by approximately HK$1.3 million as we had sub-licensed our brands to sub-licensees for organising more promotional events for the year ended 31 March 2017.

Our revenue increased by approximately HK$50.1 million or 19.0% from approximately HK$263.8 million for the year ended 31 March 2017 to approximately HK$313.9 million for the year ended 31 March 2018 primarily due to the increase in revenue from our Media Content Distribution Business by approximately HK$57.0 million or 24.2% from approximately HK$234.1 million for the year ended 31 March 2017 to approximately HK$291.1 million for the year ended 31 March 2018. The increase in revenue from our Media Content Distribution Business was primarily due to the increase in the number of active titles distributed which was primarily led by the increase in demand in the PRC. The increase in revenue was partially offset by the decrease in the revenue from our Brand Licensing Business from approximately HK$29.8 million for the year ended 31 March 2017 to approximately HK$22.8 million for the year ended 31 March 2018 primarily due to the decrease in the number of sub-licensees for a Japanese anime following the decline in popularity of such Japanese anime which was released in 2014.

Our revenue increased by approximately HK$175.5 million or 99.4% from approximately HK$176.6 million for the seven months ended 31 October 2017 to approximately HK$352.1 million for the seven months ended 31 October 2018 primarily due to the increase in revenue from our Media Content Distribution Business by approximately HK$164.9 million or 101.5% from approximately HK$162.5 million for the seven months ended 31 October 2017 to approximately HK$327.4 million for the seven months ended 31 October 2018. Such increase was primarily due to the increase in the number of active titles distributed which was primarily led by the increase in demand in the PRC and the US and the increase in the average price per title distributed by our Group for the seven months ended 31 October 2018.

The following table sets out our revenue by geographic location for the periods indicated:

	For the year ended 31 March						For the seven months ended 31 October			
	2016		2017		2018		2017		2018	
	HK$'000	*%*	*HK$'000*	*%*	*HK$'000*	*%*	*HK$'000 (unaudited)*	*%*	*HK$'000*	*%*
The PRC	107,470	62.8	186,173	70.6	244,099	77.7	137,034	77.6	279,819	79.5
Hong Kong	20,419	11.9	17,761	6.7	21,820	7.0	11,653	6.6	15,857	4.5
US	7,705	4.5	20,862	7.9	15,883	5.1	7,697	4.4	25,024	7.1
Taiwan	8,835	5.2	12,246	4.6	10,468	3.3	6,953	3.9	4,299	1.2
Southeast Asian countries										
Thailand	11,308	6.6	8,461	3.2	5,904	1.9	5,360	3.0	3,547	1.0
Other Southeast Asian countries[(1)]	9,864	5.8	4,958	1.9	9,140	2.9	3,283	1.9	16,263	4.6
Sub-total	21,172	12.4	13,419	5.1	15,044	4.8	8,643	4.9	19,810	5.6
Others[(2)]	5,490	3.2	13,362	5.1	6,562	2.1	4,648	2.6	7,267	2.1
Total	171,091	100.0	263,823	100.0	313,876	100.0	176,628	100.0	352,076	100.0

Notes:

(1) Other Southeast Asian countries included the Philippines, Singapore, Malaysia and Vietnam.

(2) Others included Japan, Hungary, Spain and other countries.

For the three years ended 31 March 2018 and the seven months ended 31 October 2018, our revenue from the PRC amounted to approximately HK$107.5 million, HK$186.2 million, HK$244.1 million and HK$279.8 million, respectively representing approximately 62.8%, 70.6%, 77.7% and 79.5% of our total revenue. According to the Frost & Sullivan Report, the growth in the PRC media content distribution market was mainly due to the increase in demand for Japanese animation content in the PRC.

Revenue recognition policy for our Media Content Distribution Business and the relationships between our licensed assets, minimum guarantee payment, cost of sales and the related cash flows

Our licensed assets as at 31 March 2016, 31 March 2017, 31 March 2018 and 31 October 2018 mainly represented the minimum guarantee we paid to our media content licensors. Upon signing of the content distribution agreements with our licensors, we are normally required to make advance payment or minimum guarantee payment to them subject to the terms of the individual content distribution agreements entered into between the media content licensors and us. Such minimum guarantee will be recognised as our licensed assets. The amount of minimum guarantee is usually non-refundable but recoupable or shall be applied to set off against the royalty payable by us under the content distribution agreements. Our Group experiences a mismatch in timing between receipt of payment from our customers and settlement of our advance payment/minimum guarantee payment due to our media content licensors from time to time. We have substantial cash requirements for funding our business operations as we are normally required to make advance payment or minimum guarantee payment to our media content licensors in order to obtain media content licensing rights. As a result, a substantial amount of advance cash payment is usually required to be made to our licensors before we generate any revenue from our customers. See "Risk factors – We experience a mismatch in timing between receipt of payment from our customers and settlement of our advance payment or minimum guarantee due to our media content licensors in this document for details. If such mismatch is substantial, we may not have sufficient cash for making advance payment or payment of minimum guarantee to obtain licensing rights for new media content" in this document for further details.

The amount of minimum guarantee we are required to pay for each media content varies depending on the popularity, exclusivity, content type and revenue projection of the media content. If we fail to recoup our minimum guarantee paid, our licensed assets may be subject to write-down. See "Risk factors – If we fail to recoup the minimum guarantee paid by us to the media content licensors, our licensed assets may be subject to further write-down" in this document for details.

Generally, after confirming the contract terms with our customers, our Group will enter into content sub-licensing agreements with our customers for various licensing rights in certain territories and issue invoices to them. Our revenue from distribution of licensed media content is recognised at the point in time when all the following criteria are met: (i) persuasive evidence of a sub-licensing arrangement with a customer exists; (ii) the media content has been delivered or has been made available for our customer's right to use and there is no requirement for significant continued performance by our Group; (iii) the sub-licensing period of the arrangement has begun and our customer can begin its exploitation of the media content; and (iv) collectability of the sub-licensing fee is reasonably assured.

Upon the recognition of revenue, we are required to pay royalty, which is recognised as cost of sales, to our licensors according to the agreed royalty rate under the content distribution agreements. The balance of our licensed assets, being the amount of unrecouped minimum guarantee, will decrease by the amount of such royalty payable. When the cumulative royalty payable exceeds the minimum guarantee which we paid initially, we will recognise the amount as cost of sales with a corresponding increase in our trade payables.

Our content sub-licensing agreements with our customers generally comprise two to four payment milestones and our customers are generally required to settle our invoices within 30 to 45 working days after the respective payment milestones have been reached.

Gross profit and gross profit margin

The following table sets out our gross profit and gross profit margin by segment for the periods indicated:

	For the year ended 31 March						For the seven months ended 31 October			
	2016		2017		2018		2017		2018	
	Gross profit	Gross profit margin	Gross profit	Gross profit margin	Gross profit	Gross profit margin	Gross profit	Gross profit margin	Gross profit	Gross profit margin
	HK$'000	*%*	*HK$'000*	*%*	*HK$'000*	*%*	*HK$'000 (unaudited)*	*%*	*HK$'000*	*%*
Media Content Distribution Business										
– Distribution of licensed media content	62,260	43.0	105,987	45.3	137,532	47.9	75,635	47.3	153,873	47.2
– Theatrical release income	2,570	85.8	32	100.0	3,424	80.4	2,188	87.9	1,125	81.7
Sub-total	64,830	43.8	106,019	45.3	140,956	48.4	77,823	47.9	154,998	47.3
Brand Licensing Business										
– Sub-licensing of brands	9,126	54.6	12,721	58.1	7,439	54.9	6,221	65.0	5,760	35.8
– Provision of licensing agency services	5,640	90.9	6,903	92.1	8,437	93.7	4,266	96.7	7,444	93.5
– Sales of merchandise	97	44.1	189	51.8	134	63.8	139	95.9	457	73.7
Sub-total	14,863	64.2	19,813	66.6	16,010	70.4	10,626	75.2	13,661	55.3
Total	79,693	46.6	125,832	47.7	156,966	50.0	88,449	50.1	168,659	47.9

For the three years ended 31 March 2018 and the seven months ended 31 October 2018, our gross profit amounted to HK$79.7 million, HK$125.8 million, HK$157.0 million and HK$168.7 million, respectively, while the respective gross profit margin were 46.6%, 47.7%, 50.0% and 47.9% for the same periods. Our gross profit margin is susceptible to the mix of the royalty rates agreed with (i) media content licensors for our Media Content Distribution Business; and (ii) brand licensors for our Brand Licensing Business.

The gross profit margin of our Brand Licensing Business for the seven months ended 31 October 2018 was lower compared to the same period in 2017 as a result of the decrease in revenue generated from the sub-licensing of the character in a Japanese anime. The gross profit margin of sub-licensing the character of this Japanese anime was relatively higher compared with the other Japanese anime and brands sub-licensed by us. Following the decline in popularity of such Japanese anime which was released in 2014, the revenue generated from sub-licensing of the character of this Japanese anime declined for the seven months ended 31 October 2018.

See "Financial information – Review of historical results of operation" in this document for further details of the fluctuations of our historical results of operations.

Highlights of combined statements of financial positions

	As at 31 March			As at 31 October
	2016	2017	2018	2018
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*
Non-current assets	12,753	10,622	18,979	53,531
Current assets	240,812	338,201	407,074	569,591
Non-current liabilities	–	–	–	1,214
Current liabilities	147,249	193,581	228,349	289,633
Net current assets	93,563	144,620	178,725	279,958
Total equity	106,316	155,242	197,704	332,275

Highlights of combined statement of cash flows

	For the year ended 31 March			For the seven months ended 31 October	
	2016	2017	2018	2017	2018
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000* *(unaudited)*	*HK$'000*
Operating cash flows before movements in working capital	52,983	73,320	108,179	58,405	127,809
Net cash flows from/(used in) operating activities	(22,431)	42,479	91,236	6,373	64,654
Net cash flows from/(used in) investing activities	(1,488)	(972)	(142)	(56)	20,178
Net cash flows used in financing activities	(13,373)	(2,391)	(48,995)	267	(86,413)
Net increase/(decrease) in cash and cash equivalents	(37,292)	39,116	42,099	6,584	(1,581)
Cash and cash equivalents at beginning of year/period	126,419	89,162	128,680	128,680	169,067
Effect of foreign exchange rate changes, net	35	402	(1,712)	(423)	(384)
Cash and cash equivalents at end of year/period	89,162	128,680	169,067	134,841	167,102

Our Group had net cash used in operating activities of approximately HK$22.4 million for the year ended 31 March 2016 and net cash flows from operating activities of approximately HK$42.5 million, HK$91.2 million and HK$64.7 million for the two years ended 31 March 2018 and the seven months ended 31 October 2018 respectively.

Our net cash used in operating activities of approximately HK$22.4 million for the year ended 31 March 2016 was primarily resulted from the profit before tax of approximately HK$44.7 million and increase in contract liabilities of approximately HK$7.7 million due to advances received from our customers, offset by (i) an increase in acquisition of licensed assets of approximately HK$29.8 million to cater for our business needs; (ii) an increase in our trade receivables of approximately HK$23.9 million; and (iii) income tax paid of approximately HK$22.0 million.

Key financial ratios

	For the year ended/as at 31 March			For the seven months ended/as at 31 October	
	2016	**2017**	**2018**	**2017**	**2018**
Profitability ratios					
Gross profit margin (%)	46.6	47.7	50.0	50.1	47.9
Net profit margin (%)	20.7	20.3	29.9	27.4	27.6
Return on equity (%)	33.2	34.5	47.5	N/A	49.8
Return on total assets (%)	13.9	15.4	22.0	N/A	26.6
Liquidity ratio					
Current ratio	1.6	1.7	1.8	N/A	2.0
Capital adequacy ratios					
Gearing ratio	N/A	N/A	N/A	N/A	N/A
Debt to equity ratio	N/A	N/A	N/A	N/A	N/A

See "Financial information – Key financial ratios" in this document for details on the calculation of the above financial ratios.

[**REDACTED**]

Assuming an [**REDACTED**] of HK$[**REDACTED**], being the mid-point of the indicative [**REDACTED**] Range, we estimate that we will receive [**REDACTED**] of approximately HK$[**REDACTED**] from the [**REDACTED**] after deducting the [**REDACTED**] and other estimated expenses in connection with the [**REDACTED**] if the [**REDACTED**] is not exercised. We intend to use the [**REDACTED**] from the [**REDACTED**] for the following purposes:

(i) approximately [**REDACTED**]%, or HK$[**REDACTED**], will be used to settle the advance payment/minimum guarantee payment for obtaining licensing rights of new media content in order to strengthen our media content portfolio in our Media Content Distribution Business;

(ii) approximately [**REDACTED**]%, or HK$[**REDACTED**], will be used to settle the advance payment/minimum guarantee payment for obtaining new licensing rights of brands in order to cope with the expansion of our Brand Licensing Business;

(iii) approximately [**REDACTED**]%, or HK$[**REDACTED**], will be used for relocation and renovation of our Hong Kong office and upgrading our information technology equipment to facilitate our expansion;

(iv) approximately [**REDACTED**]%, or HK$[**REDACTED**], will be used for co-investment in the production of media content;

(v) approximately [**REDACTED**]%, or HK$[**REDACTED**], will be used for expanding our media content team, brand licensing team and expanding our workforce and enhancing back office support in our Hong Kong headquarter and overseas offices; and

(vi) approximately [**REDACTED**]%, or HK$[**REDACTED**], will be used for our general working capital purposes.

Reasons for the [**REDACTED**]

Our Directors believe that the [**REDACTED**] could support and fuel our long-term business strategies and business expansion and provide benefits to our Group by:

- enabling our Group to capture market opportunities to further expand our Group's Media Content Distribution Business;
- enabling our Group to expand our Brand Licensing Business by increasing our brand offering;
- helping our Group raise funds to meet our capital requirements for future growth and expansion plans and gain access to capital market;
- enhancing our profile, visibility and our market presence;
- enhancing our operational efficiency and corporate governance; and
- enhancing employee incentive and commitment.

For details, see "Future plans and [**REDACTED**]" in this document.

[**REDACTED**]

Total expenses in relation to the [**REDACTED**] amounted to approximately HK$[**REDACTED**]. During the Track Record Period, we incurred [**REDACTED**] expenses of approximately [**REDACTED**]. For the year ended 31 March 2019 and the year ending 31 March 2020, we expect to recognise HK$[**REDACTED**] and HK$[**REDACTED**], respectively in our combined statements of profit or loss, and approximately HK$[**REDACTED**] as a deduction in equity upon the [**REDACTED**]. See "Financial information – [**REDACTED**]" in this document for further details.

RECENT DEVELOPMENTS AND NO MATERIAL ADVERSE CHANGE

We have continued to focus on our businesses of Media Content Distribution Business and Brand Licensing Business after the Track Record Period. After the Track Record Period and up to the Latest Practicable Date, we had been granted rights to sub-licence 47 titles of media content; and granted rights to sub-licence and/or entered into agency arrangements with 12 brands.

We estimate that our net profit for the year ended 31 March 2019 would be slightly higher than that for the seven months ended 31 October 2018 by approximately 3.3%, which is mainly due to the following reasons:

(i) we experienced a substantial growth in our revenue during the seven months ended 31 October 2018. Our revenue increased by approximately HK$175.5 million or 99.4% from approximately HK$176.6 million for the seven months ended 31 October 2017 to approximately HK$352.1 million for the seven months ended 31 October 2018. Such substantial growth was primarily resulted from the revenue generated from our release of the new season of an animation series in April 2018 following the success of its previous seasons which were aired in 2017. As such animation series was delivered and most of the revenue arising from it was recognised during the seven months ended 31 October 2018, our average monthly revenue for the seven months ended 31 October 2018 was higher than our estimated monthly revenue for the five months ended 31 March 2019;

(ii) we expect to recognise [**REDACTED**] of approximately HK$12.2 million during the five months ended 31 March 2019 while we recognised [**REDACTED**] of approximately HK$[**REDACTED**] during the seven months ended 31 October 2018; and

(iii) we agreed to grant our Directors and certain members of our senior management a total amount of special and discretionary bonuses of approximately HK$10.0 million during the five months ended 31 March 2019 as a reward to their effort and performance for the year ended 31 March 2019. No such bonus was considered and granted for the year ended 31 March 2018.

Nonetheless, our estimated consolidated profit attributable to owners of our Company for the year ended 31 March 2019 followed an increasing trend with a slight increase of approximately 6.8% when compared to the profit attributable to owners of our Company for the year ended 31 March 2018 and was significantly higher than the profit attributable to owners of our Company for each of the two years ended 31 March 2017.

Furthermore, in the first quarter of 2019, our Group had entered into contracts with aggregate contract sums of over HK$70 million with our customers.

On 23 November 2018, our subsidiaries declared interim dividends of HK$72.5 million to their then shareholder and the payment of which was made on 25 March 2019.

To the best information and knowledge of our Directors, there had been no material changes in general economic and market condition of the Media Content Distribution Business and the Brand Licensing industry which would materially and adversely affect the business operation, the results of operations or financial conditions of our Group after 31 October 2018 and up to the date of this document. Our Directors confirm that, up to the date of this document, there had been no material adverse change in our financial or trading position or prospects since 31 October 2018, and there is no event since 31 October 2018 which would materially affect the information shown in the Accountants' Report, the text of which is set out in Appendix I to this document.

OUR CONTROLLING SHAREHOLDERS

Immediately following the completion of the [**REDACTED**] and the [**REDACTED**] and assuming that the [**REDACTED**] is not exercised, RLA will hold [**REDACTED**]% of the issued share capital of our Company. RLA is wholly owned by Ms. Lovinia Chiu, the chairman of our Board, an executive Director, and chief executive officer of our Company. Therefore RLA and Ms. Lovinia Chiu are considered as our Controlling Shareholders after the [**REDACTED**]. For more details, see "Relationship with Controlling Shareholders" in this document.

STATISTICS OF THE [REDACTED]

	Based on an [REDACTED] of HK$[REDACTED]	Based on an [REDACTED] of HK$[REDACTED]
Market capitalisation of the Shares(1)	HK$[REDACTED]	HK$[REDACTED]
Unaudited pro forma adjusted combined net tangible assets per Share(1), (2) and (3)	HK$[REDACTED]	HK$[REDACTED]

Notes:

(1) The calculation is based on [**REDACTED**] in issue immediately following the completion of the [**REDACTED**] without taking into account of any Shares which may be issued upon exercise of the [**REDACTED**].

(2) The unaudited pro forma adjusted net tangible assets per Share has been arrived at after the adjustments referred to in "Appendix II – Unaudited pro forma financial information – A. Unaudited pro forma statement of adjusted combined net tangible assets" in this document.

(3) The unaudited pro forma adjusted combined net tangible assets attributable to owner of the parent does not take into account interim dividends of HK$72.5 million declared by certain subsidiaries on 23 November 2018 and paid on 25 March 2019. Had the dividend been taken into account, the unaudited pro forma adjusted combined net tangible assets of the Group per Share would have been HK$[**REDACTED**] and HK$[**REDACTED**] at the [**REDACTED**] of HK$[**REDACTED**] and HK$[**REDACTED**], respectively, which is calculated based on [**REDACTED**] in issue immediately following the [**REDACTED**].

DIVIDEND

During the Track Record Period, no dividend had been paid or declared by our Company. The dividends declared by our subsidiaries to their then shareholders, amounting to nil, HK$5.0 million, HK$50.0 and nil for the three years ended 31 March 2018 and the seven months ended 31 October 2018, respectively, were fully paid as at the Latest Practicable Date. On 23 November 2018, our subsidiaries declared interim dividends of HK$72.5 million to their then shareholder and the payment of such dividends was made on 25 March 2019.

After [**REDACTED**], the declaration of dividends is subject to the discretion of our Board and the approval of our Shareholders and we currently do not have any pre-determined dividend payout ratio. Our Directors may recommend a payment of dividends in the future after taking into account our operations and earnings, capital requirements and surplus, general financial condition, contractual restrictions, capital expenditure and future development requirements, shareholders' interests and other factors which they may deem relevant at such time. Any future declarations of dividends may or may not reflect our historical declarations of dividends and will be at the absolute discretion of our Directors. See "Financial information – Dividend" and "Risk factors – Risks relating to the [**REDACTED**] – Historical dividends may not be indicative of our future dividend policy and we may not be able to pay any dividends on our Shares" in this document for further details.

REGULATORY COMPLIANCE

Further information in relation to our non-compliance incident is set out in "Business – Legal and compliance – Non-compliance incidents" in this document, which relates to section 51(2) and 80(2) of the IRO. Our Directors do not consider that such incident has any adverse impact on our business.

PROFIT ESTIMATE FOR THE YEAR ENDED 31 MARCH 2019

We have prepared the following profit estimate for the year ended 31 March 2019.

Estimated consolidated profit attributable to owners of our Company..............................	Not less than HK$100.3 million

The profit estimate, for which our Directors are solely responsible, has been prepared by them based on (i) the audited combined results of our Group for the seven months ended 31 October 2018; (ii) the unaudited consolidated results based on the management accounts of our Group for the three months ended 31 January 2019; and (iii) an estimate of the consolidated results of our Group for the remaining two months ended 31 March 2019.