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Medialink[®]
羚邦

MEDIALINK GROUP LIMITED
羚邦集團有限公司

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 2230)

ANNUAL RESULTS ANNOUNCEMENT
FOR THE YEAR ENDED 31 MARCH 2020

FINANCIAL HIGHLIGHTS

Financial overview	Year ended 31 March/as at 31 March		Change
	2020 HK\$'000	2019 HK\$'000	
Revenue			
— Media Content Distribution Business	248,635	424,558	-41.4%
— Brand Licensing Business	66,487	50,964	+30.5%
Total	315,122	475,522	-33.7%
Gross profit margin	46.2%	48.0%	
Profit attributable to shareholders of the Company	35,951	105,579	-65.9%
Proposed final dividend per share ⁽¹⁾	HK 0.21 cents	HK 1.3 cents	
Liquidity ratio			
Current ratio ⁽²⁾	2.9	2.0	
Cash ratio ⁽³⁾	1.4	0.8	
Capital adequacy ratio			
Debt to equity ratio ⁽⁴⁾	N/A	N/A	

(1) Proposed final dividend per share was calculated by dividing proposed final dividend by the number of Company's ordinary shares of 1,992,000,000 in issue as at the date of the announcement on 30 June 2020 and 27 June 2019, respectively.

(2) Current ratio was calculated based on the total current assets divided by the total current liabilities as at the respective dates.

(3) Cash ratio was calculated by dividing the cash and cash equivalents by the total current liabilities as at the respective dates.

(4) The Group did not have any interest-bearing nor external borrowings. Thus the debt to equity ratio was not applicable.

ANNUAL RESULTS

The board of directors (the “**Board**”) of Medialink Group Limited (the “**Company**”) announces the consolidated annual results of the Company and its subsidiaries (collectively, “**Medialink**” or the “**Group**”) for the year ended 31 March 2020 (the “**Year**” or “**Reporting Period**”) together with the comparative figures for the year ended 31 March 2019.

CONSOLIDATED STATEMENT OF PROFIT OR LOSS

For the year ended 31 March 2020

	<i>Notes</i>	2020 <i>HK\$'000</i>	2019 <i>HK\$'000</i>
Revenue	4	315,122	475,522
Cost of sales		<u>(169,548)</u>	<u>(247,330)</u>
Gross profit		145,574	228,192
Other income and gains	5	4,414	5,496
Selling and distribution expenses		(44,778)	(47,956)
General and administrative expenses		(51,261)	(62,575)
Other expenses, net		(18,783)	(4,898)
Finance cost		<u>(132)</u>	<u>—</u>
Profit Before Tax	6	35,034	118,259
Income tax credit/(expense)	7	<u>917</u>	<u>(12,676)</u>
Profit For The Year		<u>35,951</u>	<u>105,583</u>
Attributable to:			
Shareholders of the Company		35,951	105,579
Non-controlling interests		<u>—</u>	<u>4</u>
		<u>35,951</u>	<u>105,583</u>
Earnings Per Share Attributable to Shareholders of the Company	9		
Basic		HK 1.9 cents	HK 7.1 cents
Diluted		<u>HK 1.9 cents</u>	<u>HK 7.1 cents</u>

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the year ended 31 March 2020

	2020 <i>HK\$'000</i>	2019 <i>HK\$'000</i>
Profit For The Year	35,951	105,583
Other Comprehensive Income/(Loss)		
Other comprehensive income/(loss) that may be reclassified to profit or loss in subsequent periods:		
Exchange differences on translation of foreign operations	<u>(418)</u>	<u>234</u>
Total Comprehensive Income For The Year	<u>35,533</u>	<u>105,817</u>
Attributable to:		
Shareholders of the Company	35,533	105,813
Non-controlling interests	<u>—</u>	<u>4</u>
	<u>35,533</u>	<u>105,817</u>

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 31 March 2020

	<i>Notes</i>	2020 <i>HK\$'000</i>	2019 <i>HK\$'000</i>
Non-Current Assets			
Property, plant and equipment		10,473	7,396
Goodwill		29,709	29,709
Intangible assets		11,831	11,549
Investments in media contents		25,083	—
Deposits		542	129
		<u>77,638</u>	<u>48,783</u>
Current Assets			
Licensed assets		148,430	142,823
Trade receivables	10	149,590	111,045
Prepayments, deposits and other receivables		3,746	9,975
Tax recoverable		19,279	6,746
Cash and cash equivalents		298,047	163,754
		<u>619,092</u>	<u>434,343</u>
Current Liabilities			
Trade payables	11	133,943	125,579
Accruals and other payables		47,709	57,048
Contract liabilities		26,726	30,073
Lease liabilities		2,999	—
Tax payable		591	708
		<u>211,968</u>	<u>213,408</u>
Net Current Assets		<u>407,124</u>	<u>220,935</u>
Total Assets Less Current Liabilities		<u>484,762</u>	<u>269,718</u>
Non-Current Liabilities			
Lease liabilities		1,114	—
Deferred tax liabilities		70	951
		<u>1,184</u>	<u>951</u>
Net Assets		<u>483,578</u>	<u>268,767</u>
Equity			
Share capital	12	19,920	—
Reserves		463,658	268,767
Total equity		<u>483,578</u>	<u>268,767</u>

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

1. Corporate and Group Information

Medialink Group Limited is a limited liability company incorporated in the Cayman Islands. The registered office of the Company is located at Cayman Corporate Centre, 27 Hospital Road, George Town, Grand Cayman KY1-9008, Cayman Islands. The principal place of business of the Company is located at Suite 1001, 10/F, Tower 1, South Seas Centre, 75 Mody Road, Tsim Sha Tsui East, Kowloon, Hong Kong. In the opinion of the directors of the Company (the “**Directors**”), the immediate holding company and the ultimate holding company of the Company is RLA Company Limited, which is incorporated in the British Virgin Islands. The shares of the Company were listed on the Main Board of The Stock Exchange of Hong Kong Limited (the “**Stock Exchange**”) on 21 May 2019 (the “**Listing**”).

The Company is an investment holding company. During the Year, the Company’s subsidiaries were involved in the following principal activities:

- media content distribution and investments in media content production (“**Media Content Distribution Business**”)
- brand licensing (“**Brand Licensing Business**”)

2.1 Basis of Preparation

The financial statements have been prepared in accordance with Hong Kong Financial Reporting Standards (“**HKFRSs**”) (which include all Hong Kong Financial Reporting Standards, Hong Kong Accounting Standards (“**HKASs**”) and Interpretations) issued by the Hong Kong Institute of Certified Public Accountants (“**HKICPA**”), accounting principles generally accepted in Hong Kong and the disclosure requirements of the Hong Kong Companies Ordinance.

The financial statements have been prepared on a going concern basis, under the historical cost convention except for investments in media contents which are stated at fair value. They are presented in Hong Kong dollars (“**HK\$**”) and all values are rounded to the nearest thousand (HK\$’000) except when otherwise indicated.

2.2 Changes in Accounting Policies and Disclosures

The Group has adopted the following new and revised HKFRSs for the first time for the current year's financial statements.

Amendments to HKFRS 9	<i>Prepayment Features with Negative Compensation</i>
HKFRS 16	<i>Leases</i>
Amendments to HKAS 19	<i>Plan Amendment, Curtailment or Settlement</i>
Amendments to HKAS 28	<i>Long-term Interests in Associates and Joint Ventures</i>
HK (IFRIC)-Int 23	<i>Uncertainty over Income Tax Treatments</i>
<i>Annual Improvements to HKFRSs 2015–2017 Cycle</i>	Amendments to HKFRS 3, HKFRS 11, HKAS 12 and HKAS 23

The impact of adoption of HKFRS 16 and HK(IFRIC)-Int 23 are explained below. The adoption of other new and revised HKFRSs does not have any significant financial effect on the Group's results of operation and financial position.

(a) **HKFRS 16 *Leases***

HKFRS 16 replaces HKAS 17 *Leases* (“**HKAS 17**”), HK (IFRIC)-Int 4 Determining whether an Arrangement contains a Lease (“**HK (IFRIC)-Int 4**”), HK (SIC)-Int 15 *Operating Leases — Incentives* and HK (SIC)-Int 27 *Evaluating the Substance of Transactions Involving the Legal Form of a Lease*. The standard sets out the principles for the recognition, measurement, presentation and disclosure of leases and requires lessees to account for all leases under a single on-balance sheet model to recognise and measure right-of-use assets and lease liabilities, except for certain recognition exemptions.

The Group has adopted HKFRS 16 using the modified retrospective method of adoption with the date of initial application of 1 April 2019. Under this method, the standard is applied retrospectively with the cumulative effect of initial adoption as an adjustment to the opening balance of retained earnings at 1 April 2019, and the comparative information for the year ended 31 March 2019 was not restated and continued to be reported under HKAS 17.

New definition of a lease

Under HKFRS 16, a contract is, or contains, a lease if the contract conveys a right to control the use of an identified asset for a period of time in exchange for consideration. Control is conveyed where the customer has both the right to obtain substantially all of the economic benefits from use of the identified asset and the right to direct the use of the identified asset. The Group elected to use the transition practical expedient allowing the standard to be applied only to contracts that were previously identified as leases applying HKAS 17 and HK (IFRIC)-Int 4 at the date of initial application. Contracts that were not identified as leases under HKAS 17 and HK (IFRIC)-Int 4 were not reassessed. Therefore, the definition of a lease under HKFRS 16 has been applied only to contracts entered into or changed on or after 1 April 2019.

As a lessee — Leases previously classified as operating leases

Nature of the effect of adoption of HKFRS 16

The Group has lease contracts for its offices, warehouses and car parks. As a lessee, the Group previously classified leases as either finance leases or operating leases based on the assessment of whether the lease transferred substantially all the rewards and risks of ownership of assets to the Group. Under HKFRS 16, the Group applies a single approach to recognise and measure right-of-use assets and lease liabilities for all leases, except for two elective exemptions for leases of low-value assets (elected on a lease-by-lease basis) and short-term leases (elected by class of underlying asset). The Group has elected not to recognise right-of-use assets and lease liabilities for (i) leases of low-value assets; and (ii) leases, that at the commencement date, have a lease term of 12 months or less. Instead of recognising rental expenses under operating leases on a straight-line basis over the lease term commencing from 1 April 2019, the Group recognises depreciation (and impairment, if any) of the right-of-use assets and interest accrued on the outstanding lease liabilities (as finance costs).

Lease liabilities at 1 April 2019 were recognised based on the present value of the remaining lease payments, discounted using the incremental borrowing rate at 1 April 2019 and presented separately in the consolidated statement of financial position.

The right-of-use assets were measured at the amount of the lease liabilities, adjusted by the amount of any prepaid or accrued lease payments relating to the lease recognised in the consolidated statement of financial position immediately before 1 April 2019. All these assets were assessed for any impairment based on HKAS 36 on that date. The Group elected to present the right-of-use assets as property, plant and equipment in the consolidated statement of financial position.

The Group has used the following elective practical expedients when applying HKFRS 16 at 1 April 2019:

- The use of a single discount rate to a portfolio of leases with reasonably similar characteristics
- Applied the short-term lease exemptions to leases with a lease term that ends within 12 months from the date of initial application
- Used hindsight in determining the lease term where the contract contains options to extend/terminate the lease

The impacts arising from the adoption of HKFRS 16 as at 1 April 2019 are as follows:

Consolidated statement of financial position	At 31 March 2019 HK\$'000	Restatement adjustment on adoption of HKFRS 16 HK\$'000	At 1 April 2019 HK\$'000
Assets			
Property, plant and equipment	7,396	808	8,204
Total assets	<u>483,126</u>	<u>808</u>	<u>483,934</u>
Liabilities			
Current lease liabilities	—	662	662
Non-current lease liabilities	—	146	146
Total liabilities	<u>214,359</u>	<u>808</u>	<u>215,167</u>

The lease liabilities as at 1 April 2019 reconciled to the operating lease commitments as at 31 March 2019 are as follows:

	<i>HK\$'000</i>
Operating lease commitments as at 31 March 2019	983
Weighted average increment borrowing rate as at 1 April 2019	<u>3.41%</u>
Discounted operating lease commitments as at 1 April 2019	972
Less: Commitments relating to short-term leases and those leases with a remaining lease term ended on or before 31 March 2020	(522)
Add: Payments for optional extension periods not recognised as at 31 March 2019	<u>358</u>
Lease liabilities as at 1 April 2019	<u><u>808</u></u>

In addition, amendments to HKFRS 16 *COVID-19-Related Rent Concessions* are effective retrospectively for annual periods beginning on or after 1 June 2020 with earlier application permitted. Amendments to HKFRS 16 provide a practical expedient for lessees to elect not to apply lease modification accounting for rent concessions arising as a direct consequence of the COVID-19 pandemic. The Group has early adopted the amendments in the financial statements and this adoption did not have any significant impact on the financial position or performance of the Group.

- (b) HK(IFRIC)-Int 23 addresses the accounting for income taxes (current and deferred) when tax treatments involve uncertainty that affects the application of HKAS 12 (often referred to as “uncertain tax positions”). The interpretation does not apply to taxes or levies outside the scope of HKAS 12, nor does it specifically include requirements relating to interest and penalties associated with uncertain tax treatments. The interpretation specifically addresses (i) whether an entity considers uncertain tax treatments separately; (ii) the assumptions an entity makes about the examination of tax treatments by taxation authorities; (iii) how an entity determines taxable profits or tax losses, tax bases, unused tax losses, unused tax credits and tax rates; and (iv) how an entity considers changes in facts and circumstances. The interpretation did not have any impact on the financial position or performance of the Group.

3. Operating Segment Information

For management purposes, the Group is organised into business units based on their products and services and has two reportable operating segments as follows:

- (a) the media content distribution segment comprises distributions and investments in media contents including animation series, variety shows, drama series, animated and live-action feature films and other video contents; and
- (b) the brand licensing segment comprises (i) obtaining various rights to use third-party owned brands, which include certain merchandising rights, location-based entertainment rights and promotion rights, and sub-licensing the use of these brands to customers; and (ii) acting as an agent for the brand licensors.

Management monitors the results of the Group's operating segments separately for the purpose of making decisions about resource allocation and performance assessment. Segment performance is evaluated based on reportable segment profit/loss, which is a measure of adjusted profit/loss before tax. The adjusted profit/loss before tax is measured consistently with the Group's profit before tax except that interest income and unallocated gains, depreciation and other corporate and unallocated expenses are excluded from such measurement.

Segment assets exclude property, plant and equipment, cash and cash equivalents, tax recoverable and corporate and other unallocated assets as these assets are managed on a group basis.

Segment liabilities exclude tax payable, lease liabilities, corporate and other unallocated liabilities as these liabilities are managed on a group basis.

Year ended 31 March 2020

	Media content distribution HK\$'000	Brand licensing HK\$'000	Total HK\$'000
Segment revenue:			
Sales to external customers	<u>248,635</u>	<u>66,487</u>	<u>315,122</u>
Segment results	46,194	9,060	55,254
<i>Reconciliation:</i>			
Interest income and unallocated gains			4,289
Depreciation			(3,726)
Other corporate and unallocated expenses			<u>(20,783)</u>
Profit before tax			<u>35,034</u>
Segment assets	300,075	66,495	366,570
<i>Reconciliation:</i>			
Corporate and other unallocated assets			<u>330,160</u>
Total assets			<u>696,730</u>
Segment liabilities	148,566	50,176	198,742
<i>Reconciliation:</i>			
Corporate and other unallocated liabilities			<u>14,410</u>
Total liabilities			<u>213,152</u>

Year ended 31 March 2019

	Media content distribution <i>HK\$'000</i>	Brand licensing <i>HK\$'000</i>	Total <i>HK\$'000</i>
Segment revenue:			
Sales to external customers	<u>424,558</u>	<u>50,964</u>	<u>475,522</u>
Segment results	141,964	6,342	148,306
<i>Reconciliation:</i>			
Interest income and unallocated gains			4,641
Depreciation			(1,304)
Other corporate and unallocated expenses			<u>(33,384)</u>
Profit before tax			<u>118,259</u>
Segment assets	232,815	64,922	297,737
<i>Reconciliation:</i>			
Corporate and other unallocated assets			<u>185,389</u>
Total assets			<u>483,126</u>
Segment liabilities	129,556	56,373	185,929
<i>Reconciliation:</i>			
Corporate and other unallocated liabilities			<u>28,430</u>
Total liabilities			<u>214,359</u>

4. Revenue

	2020 <i>HK\$'000</i>	2019 <i>HK\$'000</i>
Major product or service lines		
<i>Media Content Distribution Business</i>		
Distribution of licensed media contents	233,746	410,067
Distribution of feature films	14,889	14,491
	<u>248,635</u>	<u>424,558</u>
 <i>Brand Licensing Business</i>		
Sub-licensing of brands	37,955	32,304
Provision of licensing agency services	26,814	17,673
Sales of merchandise	1,718	987
	<u>66,487</u>	<u>50,964</u>
	<u>315,122</u>	<u>475,522</u>

	2020 <i>HK\$'000</i>	2019 <i>HK\$'000</i>
Geographical locations		
<i>Media Content Distribution Business</i>		
Mainland China	194,833	347,824
Hong Kong	25,101	15,749
Taiwan	7,475	3,785
United States	5,384	28,204
Thailand	3,263	7,793
Philippines	1,078	15,844
Others*	11,501	5,359
	<u>248,635</u>	<u>424,558</u>
 <i>Brand Licensing Business</i>		
United States	15,586	10,713
Hong Kong	11,203	10,285
Japan	10,375	3,864
Mainland China	9,849	14,336
France	5,280	1,180
Others#	14,194	10,586
	<u>66,487</u>	<u>50,964</u>
	<u><u>315,122</u></u>	<u><u>475,522</u></u>

* Others mainly include geographical locations of Indonesia, Japan, Malaysia, Singapore, United Kingdom and Vietnam.

Others mainly include geographical locations of Korea, Taiwan, Thailand and United Kingdom.

5. Other Income and Gains

	2020 <i>HK\$'000</i>	2019 <i>HK\$'000</i>
Bank interest income	4,169	355
Management fee income from a related party	—	4,286
Commission income from a related party	—	96
Gain on disposal of property, plant and equipment	120	—
Others	125	759
	<u>4,414</u>	<u>5,496</u>
	<u><u>4,414</u></u>	<u><u>5,496</u></u>

6. Profit Before Tax

The Group's profit before tax is arrived at after charging/(crediting):

	2020	2019
	<i>HK\$'000</i>	<i>HK\$'000</i>
Cost of goods sold and other services rendered	155,901	234,122
Listing-related expenses	4,514	19,666
Depreciation:		
Right-of-use assets	2,501	—
Other items of property, plant and equipment	1,225	1,304
	<u>3,726</u>	<u>1,304</u>
Amortisation of intangible assets	13,701	13,262
Impairment of intangible assets*	349	—
Impairment of trade receivables*	2,398	2,366
Reversal of impairment of trade receivables*	(1,366)	(1,671)
Write-off of trade receivables*	8	2
Write-down of licensed rights to net realisable value, net*	16,852	3,908
Interest on lease liabilities	<u>132</u>	<u>—</u>

* These amounts are included in "Other expenses, net" on the face of the consolidated statement of profit or loss.

7. Income Tax

Hong Kong profits tax has been provided at the rate of 16.5% (2019: 16.5%) on the estimated assessable profits arising in Hong Kong during the Year, except for one subsidiary of the Group which is a qualifying entity under the two-tiered profits tax rates regime effective from the year of assessment 2019/2020. The first HK\$2,000,000 (2019: HK\$2,000,000) of assessable profits of this subsidiary is taxed at 8.25% and the remaining assessable profits are taxed at 16.5%. Taxes on profits assessable elsewhere have been calculated at the rates of tax prevailing in the countries/jurisdictions in which the Group operates.

	2020 <i>HK\$'000</i>	2019 <i>HK\$'000</i>
Current — Hong Kong		
Charge for the year	1,289	12,229
Overprovision in prior years	(1,578)	—
Current — Elsewhere		
Charge for the year	172	822
Underprovision in prior years	81	—
Deferred	(881)	(375)
	<hr/>	<hr/>
Total tax charge/(credit) for the year	(917)	12,676
	<hr/> <hr/>	<hr/> <hr/>

8. Dividends

The dividends declared by the Company are as follows:

	2020 <i>HK\$'000</i>	2019 <i>HK\$'000</i>
Dividends declared and recognised as distribution during the Reporting Period:		
Interim dividend — HK 0.24 cents (2019: Nil) per ordinary share	4,800	—
Final dividend — HK 1.3 cents (2019: Nil) per ordinary share	25,896	—
	<hr/>	<hr/>
	30,696	—
	<hr/> <hr/>	<hr/> <hr/>

During the year ended 31 March 2019 and prior to the Listing, certain subsidiaries of the Company declared dividends to the then controlling shareholder in an aggregate amount of HK\$72,500,000. These dividends were recognised as distributions of the Group during that year.

Dividend proposed after the end of the Reporting

Period:

Proposed final dividend — HK 0.21 cents

(2019: HK 1.3 cents) per ordinary share

4,183

25,896

The proposed final dividend for the year ended 31 March 2020 is subject to the approval of the Company's shareholders (the "**Shareholders**") at the forthcoming annual general meeting.

9. Earnings Per Share Attributable to Shareholders of the Company

The calculation of the basic earnings per share amount is based on the profit attributable to shareholders of the Company of HK\$35,951,000 for the year ended 31 March 2020 and the weighted average number of ordinary shares of 1,923,967,213 in issue during the Year.

The calculation of the basic earnings per share for the year ended 31 March 2019 was based on the profit attributable to shareholders of the Company of HK\$105,579,000 and the weighted average number of our Company's ordinary shares of 1,494,000,000 in issue and issuable, comprising one share outstanding on 31 March 2019 and the capitalisation issue of 1,493,999,999 shares on 21 May 2019 as further detailed in note 12, as if the respective shares were outstanding throughout the year ended 31 March 2019.

No adjustment has been made to the basic earnings per share presented for the years ended 31 March 2020 and 2019 as the Group has no potentially dilutive ordinary shares in issue during those periods.

10. Trade Receivables

	2020 <i>HK\$'000</i>	2019 <i>HK\$'000</i>
Trade receivables		
Billed receivables	142,064	109,180
Unbilled receivables	18,367	13,181
	<u>160,431</u>	<u>122,361</u>
Less: Allowance for impairment	(10,841)	(11,316)
	<u><u>149,590</u></u>	<u><u>111,045</u></u>

The Group's trading terms with its customers are mainly on credit. For the Media Content Distribution Business, the payment terms with customers are generally of two to four payments with the first payment usually due upon the submission of the letter of authorisation relating to the media contents to the customer. The credit periods generally range from 30 to 45 working days after the payment milestone as specified in the underlying contracts. For the Brand Licensing Business, the payment terms are generally of one to two payments with the first payment usually due upon the execution of the contracts. The credit period is generally 30 days after the payment milestone as specified in the underlying contracts.

The Group seeks to maintain strict control over its outstanding receivables as overdue balances are reviewed regularly by senior management. The Group does not hold any collateral or other credit enhancements over its trade receivable balances. Trade receivables are non-interest-bearing.

An ageing analysis of the billed trade receivables as at the end of the Reporting Period, based on the invoice date, is as follows:

	2020 <i>HK\$'000</i>	2019 <i>HK\$'000</i>
Within 30 days	2,461	4,181
31 to 60 days	5,825	3,360
61 to 90 days	1,395	19,864
91 to 180 days	74,576	25,599
181 to 360 days	31,237	37,238
Over 360 days	26,570	18,938
	142,064	109,180

11. Trade Payables

	2020 <i>HK\$'000</i>	2019 <i>HK\$'000</i>
Trade payables		
Unbilled	77,739	88,730
Billed	56,204	36,849
	133,943	125,579

An ageing analysis of the billed trade payables as at the end of the Reporting Period, based on the invoice date, is as follows:

	2020 <i>HK\$'000</i>	2019 <i>HK\$'000</i>
Within 1 month	8,442	10,073
1 to 3 months	23,692	5,292
More than 3 months	24,070	21,484
	56,204	36,849

The trade payables are unsecured and non-interest-bearing. For the minimum guarantee payments to the licensors, the payment terms and the due dates are specified in the relevant contracts and are usually settled by instalments at the early stage of the relevant licensing periods. For royalty payable which exceed the minimum guarantee, the amounts are due when the Group submits the royalty reports to the licensors which is subsequent to the collection of the corresponding trade receivables from the licensees.

The unbilled trade payables relate to royalty amounts that are payables to but not yet invoiced by licensors which are calculated based on the royalty rates as stipulated in the respective licensing contracts.

12. Share Capital

	2020 <i>HK\$'000</i>	2019 <i>HK\$'000</i>
Authorised: 5,000,000,000 (2019: 38,000,000) ordinary shares of HK\$0.01 each	<u>50,000</u>	<u>380</u>
Issued and fully paid: 1,992,000,000 (2019: 1) ordinary shares of HK\$0.01 each	<u>19,920</u>	<u>—</u>

A summary of movements in the Company's authorised and issued share capital is as follows:

	<i>Notes</i>	Number of shares	Share capital <i>HK\$'000</i>
Authorised: 38,000,000 ordinary shares of HK\$0.01 each upon incorporation on 29 October 2018 and 31 March 2019 and 1 April 2019	(a)	<u>38,000,000</u>	<u>380</u>
Increase of 4,962,000,000 ordinary shares of HK\$0.01 each on 12 April 2019	(b)	<u>4,962,000,000</u>	<u>49,620</u>
At 31 March 2020		<u>5,000,000,000</u>	<u>50,000</u>

	<i>Notes</i>	Number of shares	Share capital <i>HK\$'000</i>
Issued and fully paid:			
Issuance of 1 ordinary share of HK\$0.01 upon incorporation on 29 October 2018 and 31 March 2019 and 1 April 2019	(a)	<u>1</u>	<u>—</u>
Capitalisation issue of 1,493,999,999 ordinary shares of HK\$0.01 each on 21 May 2019	(c)	1,493,999,999	14,940
Issuance of 498,000,000 ordinary shares of HK\$0.01 each on 21 May 2019	(d)	<u>498,000,000</u>	<u>4,980</u>
At 31 March 2020		<u><u>1,992,000,000</u></u>	<u><u>19,920</u></u>

Notes:

- (a) On 29 October 2018, the Company was incorporated as an exempted company with limited liability in the Cayman Islands with an authorised share capital of HK\$380,000 divided into 38,000,000 ordinary shares of HK\$0.01 each. Upon incorporation, 1 ordinary share of HK\$0.01 was issued and allotted by the Company at par to its then shareholder.
- (b) Pursuant to the written resolution of the sole shareholder of the Company passed on 12 April 2019, the authorised share capital of the Company increased from HK\$380,000 divided into 38,000,000 shares of a par value of HK\$0.01 each to HK\$50,000,000 divided into 5,000,000,000 shares of a par value of HK\$0.01 each, by the creation of an additional 4,962,000,000 shares with a par value of HK\$0.01 each. The 4,962,000,000 new shares shall rank pari passu in all respects with the existing issued shares of the Company.
- (c) Pursuant to the written resolution of the sole shareholder of the Company passed on 12 April 2019 and the minutes of the committee of the Board on 17 May 2019, 1,493,999,999 ordinary shares of HK\$0.01 each were allotted and issued, credited as fully paid at par, by way of capitalisation from the share premium account to the holders of shares whose names appeared on the register of members of the Company at the close of business on 20 May 2019. This allotment and capitalisation issue were conditional on the share premium account being credited as a result of the issue of new shares to the public in connection with the Company's initial public offering as detailed in note (d) below.
- (d) In connection with the Company's initial public offering, 498,000,000 ordinary shares of par value of HK\$0.01 each were issued at a price of HK\$0.45 per share for a total cash consideration, before share issue expenses, of HK\$224.1 million. Dealing in the shares of the Company on the Stock Exchange commenced on 21 May 2019.

CHAIRMAN'S STATEMENT

Dear Shareholders

「毋忘初衷，方得始終」(Never forget why you start any mission, and it will be accomplished in the end) has been a constant reminder to me and the management team throughout the Reporting Period.

While I have been in the industry for the last 31 years, we are new to the capital market. There has been a lot to learn and we are still learning. But tapping into the capital market allows us to scale up our business, widen our reach and deepen our eco system for sustainable growth. With our experience, knowledge of the markets and distribution network, our long term goal is to own and distribute our own content and brands, create new markets, and expand collaboration with our partners and customers in a “win-win-win” model.

We have laid down foundational groundwork of our 5 years strategy by expanding on our distribution platform and strategic content and brand investments. Our business has always evolved with technology advancement and for the coming years, we will utilise and invest more on technology related applications to enhance what we will offer to our partners and customers.

We are at some unprecedented times and it has been a difficult year. During the Reporting Period, with the US-China trade war followed by COVID-19 outbreak affecting lives and the whole world, we saw our revenue and profit dropped but I am grateful to our dedicated team working tirelessly maintaining profit margins and ensuring profitability of the Group. I am also grateful to our Board of Directors for guidance and insights in navigating these challenges. While we cannot control external factors, we believe our 5 years strategy with a dedicated and persistent team will take us on the right track achieving our long-term goal.

The Group's long-term dividend policy is to share the fruits of our hard work with all Shareholders, while efficiently utilising the Group's resources to expand business and improve profitability, leading to value creation and sustainable growth. I am therefore pleased to report that a final dividend of HK 0.21 cents per share was proposed for the Reporting Period. Including the interim dividend of HK 0.24 cents per share distributed during the Reporting Period, the total dividends for the Reporting Period is HK 0.45 cents per share, representing a distribution of approximately 25% of the Group's profit attributable to shareholders of the Company.

I also take this opportunity to thank you on behalf of the Board and the Group for your support as our Shareholders and sharing our vision for the Group.

Chiu Siu Yin Lovinia

Chairman and Executive Director

MANAGEMENT DISCUSSION AND ANALYSIS

BUSINESS REVIEW AND OUTLOOK

Business Review

During the Reporting Period, due to unfavorable global economic outlook and the outbreak of the coronavirus disease globally, the business environment has been difficult which has negatively impacted our financial performance. Despite the unprecedented hard times, the Group remains profitable and the Group's financial position remains healthy with sufficient cash on hand which includes the fund raised from the Listing, to meet current business needs and development. The gross profit margin for the Reporting Period remains roughly the same as last year.

Media Content Distribution Business

Our Media Content Distribution Business continued to be our key revenue contributor during the Reporting Period, accounting for around 79% of our revenue. The unfavorable global economic outlook caused some of our clients paid slower or delayed purchase for contents as their stream of revenue from advertisements decreased. The global outbreak of the COVID-19 pandemic also slowed down business activities as many territories were locked down. Events for content acquisition and sales activities such as HK FILMART were delayed. But according to Maoyan Entertainment¹, the pandemic led to soaring traffic for online streaming platforms with total users increased by 17.4% during the Chinese New Year holiday watching dramas, comedy and movies. However, their advertising revenue has dropped. During the Reporting Period, there was no impact on movies distribution as cinemas closed after 28 March 2020 in Hong Kong. Taiwan's cinemas remained open and we did not distribute any movies in China. During the Reporting Period, some of the more popular titles we brought to the market include "Dr. Stone", "My Hero Academia Season 4", "Food Wars! Shokugeki no Soma — The Plate of God" and "Haikyu! Season 4". In addition, we acquired and distributed the popular Chinese drama series "Ever Night 2" (將夜2), "Count Your Lucky Stars" (我好喜歡你), "Moonshine & Valentine" (結愛千歲大人的初戀) to Asia. Market response to our titles has been positive. Demand for quality entertainment with easy access is heightened, especially when people maintain social distancing and stay home during the pandemic. For the inflight media content distribution, during the Reporting Period, we acquired more than 30 Asian titles including Asian blockbuster like "The Climbers" (攀登者), the beloved romantic comedy from Japan "Kaguya-Sama Love is War" and also the adorable and touching movie "Little Q" (導盲犬小Q).

¹ Maoyan: China's Online Entertainment Market Booming with the COVID-19 Pandemic dated 9 April 2020 <https://enmobile.prnasia.com/releases/apac/maoyan-china-s-online-entertainment-market-booming-with-the-covid-19-pandemic-277147.shtml>

Brand Licensing Business

Our Brand Licensing Business continues steady growth with revenue up 31%. During the Reporting Period, Brand Licensing Business accounted for 21% of our total revenue. The global outbreak of the COVID-19 pandemic slowed down business activities as many territories were locked down. Events and exhibitions for licensing opportunities such as some character-themed Charity Run and C3AFA HK were cancelled or delayed. However, as we have local teams in the region, business activities were not significantly disrupted. In line with our strategic plan, we expanded our licensing brands portfolios and categories. We have been appointed as the master licensee of Happiplayground, a local Hong Kong intellectual property (“IP”). We also represent two international brands, Finlayson and Pure Norway, brands that inspire nature and lifestyle. We continue to focus in building our evergreen and pre-school brands by adding in our portfolio Mr. Bean, Pinkfong and Baby Shark. With good and long-term partnership with our international licensors, licensees and teamwork, we won two awards. Our exhibition showcasing Popeye’s 90th anniversary won the Star Award from the China Licensing Federation and China Licensing Expo. Also, The Little Prince Language Centre in China operated by our licensee won the 2019 Annual Influential English Brand for Young Learners from the Tencent News Education Award. Tapping on the rise of e-commerce, our licensee launched the first flagship store of Le Petit Prince on Tmall.com for official Le Petit Prince products. For our evergreen brand Garfield, we entered into new collaboration with top tier KOLs (key opinion leaders) and launched a variety of different collections of apparel, fashion bags and cosmetics for general consumers. Our licensee also launched a Garfield themed cruise tour of the Pearl River in Guangzhou in July 2019 offering excitement to the city of Guangzhou and also attracting visitors from the Greater Bay Area.

Ani-One®

In line with our strategic plan, we have further strengthened and expanded our own proprietary content distribution platform — Ani-One®. In Hong Kong, we celebrated our 3rd anniversary of having our Ani-One® platform on myTV SUPER. In addition to landing in Taiwan, Singapore, Malaysia and Brunei, during the Reporting Period, we launched Ani-One® in Vietnam. In addition, we launched our flagship Anime Channel — Ani-One® YouTube Asia Channel in December 2019 and since then, the channel has approximately 200,000 subscribers as of 31 March 2020.

Co-investment and our own IP

We have increased our co-investment in content production portfolio with a view to having direct ownership of the underlying IP of such content either in the form of shared copyright and/or monetisation right. It elevates us to being a member of the production committee and also allows us to earn additional revenue in addition to the grant of our distribution right.

During the Reporting Period, the first animation movie in which we co-invested and distributed — “Children of the Sea” (海獸之子) was released with a total box office of close to HK\$3 million for Hong Kong and Taiwan. The movie is highlighted not only for its animation beauty but also for the prominent environmental conservation message it carries and received the “2019 Best Animation Film Award” in the 74th Mainichi Film Awards in Japan and “Animation Division — Grand Prize” in the 23rd Japan Media Arts Festival.

The Group has also invested in a Chinese animated series “Kiki and Nuna”, which the Group has been granted the content distribution and licensing right globally. The distribution and licensing activities will be conducted globally in late 2020.

We have also invested in three Hong Kong movies: (i) “The Shadows” (殘影空間), a psychological thriller; (ii) “One Second Champion” (一秒拳王), a motivational drama; and (iii) “Drifting” (濁水漂流) which talks about the lives of those who live under the flyovers of Sham Shui Po.

Our existing contents and brands with effective licence:

The table below sets out the number of active titles of media contents available for the Media Content Distribution Business and the number of brands available for the Brand Licensing Business during the Reporting Period:

	As at 31 March 2020	As at 31 March 2019
Number of active titles of media contents available	431	386
Number of brands available	87	114

Business Outlook and Future Plans

The outbreak of the coronavirus disease globally is expected to continue to affect many territories and businesses. According to World Economic Outlook April 2020 issued by the International Monetary Fund², the global economy is projected to contract sharply by -3% in 2020. Assuming the pandemic fades in the second half of 2020 and containment efforts can be gradually unwound, the global economy is projected to grow 5.8% in 2021 as economic activity normalises with policy support. But the risks for even more severe outcomes affecting the global economic outlook are substantial.

In Hong Kong, the movie theatres were closed after 28 March 2020 and re-opened with restricted capacity on 8 May 2020. Some of our movies have delayed release. However, movie theatres remain open in Taiwan and we expect little impact on movies distribution.

² www.imf.org/en/Publications/WEO/Issues/2020/04/14/weo-april-2020

Japan had declared a state of emergency from 8 April 2020 to 25 May 2020. Animations and dubbing artists were not able to attend work and there will be delay and/or decrease in production output but as the emergency has lifted, the upcoming impact is moderate and we have also strengthened our library with other contents.

Notwithstanding this unprecedented time and challenges ahead, we believe that we are in the right place with the right fundamentals navigating these challenges. The pandemic has affected lives and halted many business activities. However, it has also elevated the solidarity of humanity and produced new business formats adapting to the changes. Technology advancement is the key to our business evolution — from linear TV to satellite TV to OTTs. Demand for good quality contents with easy access and at a faster rate is driven up even more by the technology advancement. More people also have to change purchasing habits from offline to online.

We believe “content is king”. As rolled out in our last annual general meeting in September 2019, our 5 years (2019-2024) strategy will move the Group to ride with the technology advancement linking media players and brand owners and creating new markets and value for all. We will:

1. Expand our own content distribution platforms and e-commerce platform

- *Ani-One*[®]

Partnering with local OTT platforms, we will further expand our own Ani-One[®] channel in the territories of Indonesia, Thailand and India.

Our flagship Anime Ani-One[®] YouTube channel, which was launched in the last quarter of 2019, has seen subscribers growing to more than 300,000 in mid June 2020. We will continue to develop more varieties such as anime music, game and live events.

- *Ani-Kids*[™]

We will launch brand new kids channel targeting children of ages 3 to 8 in the third quarter of 2020 to bring fun, education and inspiration to the kids in Asia.

- *Ani-Mall*[™]

Tapping into the e-commerce wave, we will also launch brand new e-commerce shopping platform, initially targeting anime lovers in late 2020.

2. *Expand our strategic content and brand investment*

- We will expand our investments in our own IPs such as animated series, movies, TV series, characters and brands crossing over for IP commercialisation. Our invested animated series of “Kiki and Nuna” will commence broadcasting in Mainland China in late 2020 and then in Asia with distribution and licensing activities. We will continue to collaborate with licensors and help them grow their brands by conducting different creative programs.
- We will co-produce a TV drama series adapted from Japanese manga series “ORENCHI NO FUROJIGO” targeting to be released in 2021.
- We will continue to serve as an ambassador of Hong Kong’s own media contents and brands, including local co-production of drama series and brands. We will utilise our expertise or invest to help promote media contents and brands created in Hong Kong to international markets.

3. *Venture into new businesses*

- With our years of licensing experience, we know the markets well and we plan to be the licensee of our representing brands to develop innovative and interesting products for the customers.
- We will look for investment and business opportunities such as music, video games, merchandise, etc. which complement with and can create synergies with our existing businesses.

We will continue to build ourselves as the best platform for our partners, providing the best entertainment and brands for everyone in the globe.

FINANCIAL REVIEW

Revenue

For the year ended 31 March 2020, our Group's revenue reached HK\$315.1 million, representing a decrease of HK\$160.4 million or 33.7% as compared to the year ended 31 March 2019, mainly due to decrease in the revenue generated from Media Content Distribution Business.

Revenue derived from Media Content Distribution Business was our Group's major source of revenue, contributing 78.9% (2019: 89.3%) of our Group's revenue for the year ended 31 March 2020. Revenue derived from Media Content Distribution Business decreased by 41.4% from HK\$424.6 million in last year to HK\$248.6 million during the Year. Such decrease in revenue was primarily due to the weakened market sentiment and various macroeconomic challenges including the Sino-US trade war and the COVID-19 outbreak during the Year, the purchase orders placed by major customers in China have slowed down resulting in more conservative purchase patterns among customers.

Revenue derived from Brand Licensing Business increased by 30.5% from HK\$51.0 million for the year ended 31 March 2019 to HK\$66.5 million during the Year. The increase was mainly due to its continued growth in revenue from Japanese brands and the successful contract renewals with owners of some of our key classic characters. The increase in revenue was also due to the full year effect of revenue contribution of HK\$37.1 million from Medialink Animation International Limited ("MAIL") (2019: HK\$25.9 million) which became a wholly owned subsidiary of the Company in August 2018 ("MAIL Acquisition").

Cost of Sales

Our Group's cost of sales was primarily royalty payments to the media content licensors and brand licensors at the mutually agreed royalty rates. Our Group's cost of sales decreased by HK\$77.8 million or 31.5% from HK\$247.3 million for the year ended 31 March 2019 to HK\$169.5 million for the year ended 31 March 2020. The decrease was in line with the decrease in revenue.

Gross Profit and Gross Profit Margin

Our Group's gross profit for the year ended 31 March 2020 amounted to HK\$145.6 million, representing a decrease of HK\$82.6 million or 36.2% as compared to HK\$228.2 million for the year ended 31 March 2019, mainly due to the decrease in revenue for the year ended 31 March 2020 as compared to the same period in last year. Meanwhile, our Group's gross profit margin decreased by 1.8 percentage points from 48.0% in last year to 46.2% for the year ended 31 March 2020 which was roughly the same for both years.

Other Income and Gains

Our Group's other income and gains decreased by HK\$1.1 million or 20% from HK\$5.5 million for the year ended 31 March 2019 to HK\$4.4 million for the year ended 31 March 2020. The decrease was mainly due to the decrease in management fee income from MAIL (which became a wholly-owned subsidiary of our Group upon completion of the MAIL Acquisition in August 2018 and thereafter, the transactions with MAIL were eliminated on consolidation). The decrease was partially offset by an increase of bank interest income.

Selling and Distribution Expenses

Our Group's selling and distribution expenses for the year ended 31 March 2020 amounted to HK\$44.8 million, representing a decrease of HK\$3.2 million or 6.7% when comparing to HK\$48.0 million in last year. The decrease was primarily due to decrease in withholding tax expenses which was in line with the decrease in revenue generated from customers in the Mainland China. Such decrease was partially offset by the increase in staff costs of HK\$1.1 million and promotion expenses in relation to enhancing our market presence and facilitating our business expansion of HK\$2.1 million during the Year.

General and Administrative Expenses

Our Group's general and administrative expenses for the year ended 31 March 2020 amounted to HK\$51.3 million, representing a decrease of HK\$11.3 million or 18.1% when comparing to HK\$62.6 million in last year. The decrease was primarily due to decrease in one-off listing-related expenses of HK\$15.2 million. Such decrease was mainly offset by the increase in professional expenses.

Other Expenses

Our Group's other expenses, net for the year ended 31 March 2020 amounted to HK\$18.8 million, representing an increase of HK\$13.9 million when comparing to HK\$4.9 million in last year. The increase was primarily due to write-down of licensed rights to net realisable value of HK\$16.9 million recognised during the year ended 31 March 2020, representing an increase of HK\$13.0 million when comparing to HK\$3.9 million recorded for the year ended 31 March 2019, after taking into account the current market conditions and estimated future recoverable amounts in respect of the licensed rights.

Income Tax Credit

Our Group's income tax credit for this year ended 31 March 2020 amounted to HK\$0.9 million (2019: income tax expense of HK\$12.7 million) was recorded. The turnaround from tax charge to tax credit was mainly attributable to the decrease in net amount of assessable profit and tax deduction for the foreign withholding tax paid for the Year, together with the effect of prior year's over-provision of income tax of HK\$1.5 million recorded in the Year.

Profit for the year

As a result of the foregoing, our Group's profit for the year decreased by HK\$69.6 million or 65.9% from HK\$105.6 million for the year ended 31 March 2019 to HK\$36.0 million for the year ended 31 March 2020. Net profit margin decreased from 22.2% for the year ended 31 March 2019 to 11.4% for the year ended 31 March 2020.

Profit Attributable to Shareholders of the Company

Profit attributable to shareholders of the Company for the year amounted to HK\$36.0 million (2019: HK\$105.6 million), representing a decrease of 65.9% from last year.

Adjusted Profit Attributable to Shareholders of the Company

The following table sets out the reconciliation from our Group's profit for the Year attributable to shareholders of the Company to adjusted profit for the Year attributable to shareholders of the Company:

	For the year ended 31 March	
	2020 HK\$'000	2019 HK\$'000
Profit attributable to shareholders of the Company	35,951	105,579
Plus:		
Listing-related expenses	<u>4,514</u>	<u>19,666</u>
Adjusted profit attributable to shareholders of the Company	<u>40,465</u>	<u>125,245</u>

Our Group's adjusted profit attributable to shareholders of the Company for the year ended 31 March 2020 would amount to HK\$40.5 million, representing a decrease of HK\$84.7 million or 67.7%, as compared to HK\$125.2 million for the year ended 31 March 2019.

Liquidity, Financial Resources and Gearing Ratio

As at 31 March 2020, our Group had cash and bank balances of HK\$298.0 million (2019: HK\$163.8 million), most of which were denominated in US dollars and HK dollars.

As at 31 March 2020, our Group had a current ratio¹ of 2.9 compared to 2.0 and a cash ratio² of 1.4 compared to 0.8 as at 31 March 2019. The improved ratios were due to cash generated from primary offering of the Company's shares to the public.

Notes: ¹ Current ratio was calculated based on the total current assets divided by the total current liabilities as at the respective dates.

² Cash ratio was calculated by dividing the cash and cash equivalents by the total current liabilities as at the respective dates.

As at 31 March 2019 and 2020, our Group did not have any interest-bearing nor external borrowings. Thus, neither the gearing ratio nor the debt to equity ratio was applicable to our Group.

Following the Listing, our Group's operations were mainly financed by internal resources including but not limited to existing cash and cash equivalents, anticipated cash flow from its operating activities and the net proceeds generated from the Listing. With strong liquidity position, our Group is able to expand in accordance with its business strategy.

Our Group did not have any significant contingent liabilities as at 31 March 2020.

There was no material impact to our Group arising from the fluctuation in the exchange rates of the currencies in US dollars and Renminbi for the year ended 31 March 2020.

Use of Proceeds from Listing

After deduction of the underwriting fees and commissions and expenses payable by the Company in connection with the global offering, the net proceeds from issuance of the shares of the Company in connection with the Listing (the "**Net Proceeds**") are HK\$185.9 million. As at the date of this announcement, the Company does not anticipate any change to its plan on the use of proceeds as stated in the prospectus of the Company dated 30 April 2019 (the "**Prospectus**").

The Board closely monitored the use of proceeds from the Listing with reference to the use of proceeds disclosed in the Prospectus and confirmed that there was no change in the proposed use of proceeds as previously disclosed in the Prospectus.

During the period from 21 May 2019 (the “**Listing Date**”) to 31 March 2020, the Net Proceeds had been applied as follows:

Intended use of Net Proceeds as stated in the Prospectus	Planned use of proceeds ^(Note 1) HK\$’000	Actual use proceeds up to 31 March 2020 HK\$’000	Unutilised amount as at 31 March 2020 ^(Note 2) HK\$’000
Strengthen media contents portfolio	101,781	(19,090)	82,691
Expand our Brand Licensing Business	32,572	(530)	32,042
Relocation and renovation of Hong Kong office and upgrade information technology equipment	12,857	—	12,857
Use for co-investment in the production of media contents	17,694	(4,098)	13,596
Expand media content team, brand licensing team and expand workforce and enhance back office support	8,691	(571)	8,120
Use for our general working capital	12,283	(12,283)	—
	<u>185,878</u>	<u>(36,572)</u>	<u>149,306</u>

Note 1: The planned amount of use of Net Proceeds has been adjusted in the same proportion and same manner as stated in the Prospectus due to the difference between the estimated net proceeds and the actual net proceeds.

Note 2: The unutilised amount as at 31 March 2020 is expected to be utilised in the years ended 31 March 2021 and 2022.

The unutilised Net Proceeds have been placed as bank balances/time deposits with licensed banks in Hong Kong as at the date of this announcement. The Company intends to use them in the same manner and proportions as described in the Prospectus.

Capital Structure

There has been no change in the capital structure of our Group since the Listing Date and share capital of our Group only comprises ordinary shares. As at the date of this announcement, our Company has 1,992,000,000 ordinary shares in issue.

Material Acquisitions and Disposals of Subsidiary

There was no material acquisitions or disposals of subsidiary since the Listing Date and up to the Reporting Period.

Pledge of Assets

As at 31 March 2020, none of the assets of our Group was pledged.

Capital Commitments

As at 31 March 2020, our Group had no capital commitment that was not provided for in the consolidated financial statements.

Purchase, Sale or Redemption of Listed Shares

The Company did not redeem any of its listed shares since the Listing Date and up to the Reporting Period. Neither the Company nor any of its subsidiaries has purchased or sold any of the Company's listed shares since the Listing Date and up to the Reporting Period.

Significant Events after the Reporting Period

There is no significant event of the Group which requires disclosure since the end of the Reporting Period.

AUDIT COMMITTEE

The Company's audit committee has reviewed the accounting policies and practices adopted by the Group and discussed internal control and financial reporting matters including the review of the draft consolidated financial statements for the year ended 31 March 2020.

REVIEW OF RESULTS ANNOUNCEMENT BY INDEPENDENT AUDITORS

The figures in respect of the Group's consolidated statement of financial position, consolidated statement of profit or loss, consolidated statement of comprehensive income, and the related notes thereto for the year ended 31 March 2020 as set out in this announcement have been agreed by the Company's auditors, Ernst & Young ("EY"), to the amounts set out in the Group's draft consolidated financial statements for the Year. The work performed by EY in this respect did not constitute an assurance engagement in accordance with Hong Kong Standards on Auditing, Hong Kong Standards on Review Engagements or Hong Kong Standards on Assurance Engagements issued by the HKICPA and consequently no assurance has been expressed by EY on this announcement.

COMPLIANCE WITH THE RELEVANT LAWS AND REGULATIONS

To the best of the Directors' knowledge, information and belief, having made all reasonable enquires, the Group has complied in material respects with the relevant laws and regulations that have a significant impact on the business and operations of the Company and its subsidiaries during the year ended 31 March 2020.

SUFFICIENCY OF PUBLIC FLOAT

Based on the information that is publicly available to the Company and within the knowledge of the Directors, the Company maintained the public float of its issued shares as required under the Rules Governing the Listing of Securities on the Stock Exchange (the "**Listing Rules**") during the Year.

MODEL CODE FOR SECURITIES TRANSACTIONS

The Company has adopted the Model Code for Securities Transactions by Directors of Listed Issuers (the "**Model Code**") as set out in Appendix 10 to the Listing Rules.

Specific enquiry has been made to all the Directors and all the Directors have confirmed that they have complied with the Model Code since the Listing Date and up to the Reporting Period.

The Company has also established written guidelines no less exacting than the Model Code for securities transactions by employees who are likely to be in possession of unpublished price-sensitive information of the Company.

COMPLIANCE WITH CORPORATE GOVERNANCE CODE

The Board and the management of our Company are committed to the maintenance of good corporate governance practices and procedures.

The Board believes that good corporate governance standards are essential in providing a framework for our Group to safeguard the interests of Shareholders, enhance corporate value, formulate its business strategies and policies, and enhance its transparency and accountability.

The Company has adopted the code provisions as set out in the Corporate Governance Code and Corporate Governance Report (the "**CG Code**") as contained in Appendix 14 to the Listing Rules as its own code of corporate governance. Since the Listing Date and up to the date of this announcement, the Company has complied with the code provisions as set out in the CG Code, save and except for code provision A.2.1 as set out below:

Chairman and Chief Executive

Ms. Chiu Siu Yin Lovinia currently holds both positions as chairman and chief executive officer. Throughout the business history, Ms. Chiu Siu Yin Lovinia has been the key leadership figure of the Group and has been primarily involved in the formulation of business strategies and determination of the business plans. The Directors (including the independent non-executive Directors) consider Ms. Chiu Siu Yin Lovinia the best candidate for both positions and that the present arrangements are beneficial for and in the interests of the Company and the Shareholders as a whole.

ANNUAL GENERAL MEETING

The annual general meeting of the Company is scheduled to be held on Thursday, 24 September 2020. The notice of the annual general meeting will be published on the website of the Stock Exchange (www.hkexnews.hk) and the website of the Company (www.medialink.com.hk) in due course.

FINAL DIVIDEND

The Board has recommended the payment of a final dividend of HK 0.21 cents per share for the year ended 31 March 2020 (2019: HK 1.3 cents), amounting to HK\$4.2 million (2019: HK\$25.9 million), to the Shareholders whose names appear on the register of members of the Company on Wednesday, 7 October 2020. The proposed final dividend will be paid on Thursday, 29 October 2020, subject to approval by the Shareholders at the annual general meeting.

CLOSURE OF THE REGISTER OF MEMBERS

For determining the entitlement to attend and vote at the annual general meeting, the register of members will be closed from Monday, 21 September 2020 to Thursday, 24 September 2020, both days inclusive, during which period no transfer of shares will be registered. In order to qualify for attending and voting at the annual general meeting, all completed transfer forms, accompanied by the relevant share certificates, must be lodged for registration with our Company's branch share registrar and transfer office, Tricor Investor Services Limited at Level 54, Hopewell Centre, 183 Queen's Road East, Hong Kong by no later than 4:30 p.m. on Friday, 18 September 2020.

To ascertain entitlement to the proposed final dividend, the register of members will be closed from Wednesday, 30 September 2020 to Wednesday, 7 October 2020, both days inclusive, during which period no transfer of shares will be registered. In order to qualify for the proposed final dividend, which is subject to approval of Shareholders at the annual general meeting, all completed transfer forms, accompanied by the relevant share certificates, must be lodged for registration with the Company's branch share registrar and transfer office, Tricor Investor Services Limited at Level 54, Hopewell Centre, 183 Queen's Road East, Hong Kong by no later than 4:30 p.m. on Tuesday, 29 September 2020.

PUBLICATION OF INFORMATION ON THE WEBSITES OF THE STOCK EXCHANGE AND THE COMPANY

This annual results announcement is published on the website of the Stock Exchange (www.hkexnews.hk) and the website of the Company (www.medialink.com.hk) and the annual report for the year ended 31 March 2020 containing all information required by the Listing Rules will be despatched to the Shareholders and published on the aforesaid websites on or before 31 July 2020.

On behalf of the Board
MEDIALINK GROUP LIMITED
Chiu Siu Yin Lovinia
Chairman and Executive Director

Hong Kong, 30 June 2020

As at the date of this announcement, the executive Directors are Ms. Chiu Siu Yin Lovinia, Ms. Chiu Siu Fung Noletta and Mr. Ma Ching Fung, the non-executive Director is Ms. Wong Hang Yee, JP, and the independent non-executive Directors are Mr. Fung Ying Wai Wilson, Ms. Leung Chan Che Ming Miranda and Mr. Wong Kam Pui, JP.

Please also refer to the published version of this announcement on the Company's website at www.medialink.com.hk.

Note: If there is any inconsistency between the English and Chinese versions of this document, the English version shall prevail.