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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 2021

FINANCIAL HIGHLIGHTS			
Financial overview	Year ended 31 March/as at 31 March		Change
	2021	2020	
	HK\$'000	HK\$'000	
Revenue			
— Media Content Distribution Business	267,366	248,635	+7.5%
— Brand Licensing Business	67,818	66,487	+2.0%
Total	335,184	315,122	+6.4%
Gross profit margin	49.1%	46.2%	
Profit attributable to shareholders of the Company	38,567	35,951	+7.3%
Proposed final dividend per share ⁽¹⁾	HK 0.20 cents	HK 0.21 cents	
Liquidity ratio			
Current ratio ⁽²⁾	2.7	2.9	
Cash ratio ⁽³⁾	1.0	1.4	
Capital adequacy ratio			
Debt to equity ratio ⁽⁴⁾	N/A	N/A	
<i>(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 28 June 2021 and 30 June 2020, respectively.</i>			
<i>(2) Current ratio was calculated by dividing the total current assets by the total current liabilities as at the respective dates.</i>			
<i>(3) Cash ratio was calculated by dividing the cash and cash equivalents by the total current liabilities as at the respective dates.</i>			
<i>(4) The Group did not have any interest-bearing nor external borrowings. Thus the debt to equity ratio was not applicable.</i>			

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 Group**” or the “**Group**”) for the year ended 31 March 2021 (the “**Year**” or “**Reporting Period**”) together with the comparative figures for the year ended 31 March 2020.

CONSOLIDATED STATEMENT OF PROFIT OR LOSS

For the year ended 31 March 2021

	<i>Notes</i>	2021 <i>HK\$'000</i>	2020 <i>HK\$'000</i>
Revenue	4	335,184	315,122
Cost of sales		<u>(170,762)</u>	<u>(169,548)</u>
Gross profit		164,422	145,574
Other income and gains, net	5	6,115	4,414
Selling and distribution expenses		(44,801)	(44,778)
General and administrative expenses		(55,390)	(51,261)
Other expenses, net		(30,291)	(18,783)
Finance cost		<u>(109)</u>	<u>(132)</u>
Profit Before Tax	6	39,946	35,034
Income tax credit/(expense)	7	<u>(1,379)</u>	<u>917</u>
Profit For The Year Attributable to Shareholders of the Company		<u>38,567</u>	<u>35,951</u>
Earnings Per Share Attributable to Shareholders of the Company			
Basic and diluted	9	<u>HK 2.0 cents</u>	<u>HK 1.9 cents</u>

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the year ended 31 March 2021

	2021 <i>HK\$'000</i>	2020 <i>HK\$'000</i>
Profit For The Year	38,567	35,951
Other Comprehensive Loss		
Other comprehensive loss that may be reclassified to profit or loss in subsequent periods:		
Exchange differences on translation of foreign operations	(12)	(418)
Total Comprehensive Income For The Year Attributable to Shareholders of the Company	<u>38,555</u>	<u>35,533</u>

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 31 March 2021

	<i>Notes</i>	2021 <i>HK\$'000</i>	2020 <i>HK\$'000</i>
Non-Current Assets			
Property, plant and equipment		7,599	10,473
Goodwill		29,709	29,709
Intangible assets		15,832	11,831
Investments in media contents		36,661	25,083
Prepayments and deposits		1,058	542
		<u>90,859</u>	<u>77,638</u>
Current Assets			
Licensed assets		227,339	148,430
Inventories		391	—
Trade receivables	10	179,572	149,590
Prepayments, deposits and other receivables		9,679	3,746
Tax recoverable		8,448	19,279
Cash and cash equivalents		246,129	298,047
		<u>671,558</u>	<u>619,092</u>
Current Liabilities			
Trade payables	11	143,226	133,943
Accruals and other payables		66,233	47,709
Contract liabilities		37,734	26,726
Lease liabilities		848	2,999
Tax payable		1,679	591
		<u>249,720</u>	<u>211,968</u>
Net Current Assets		<u>421,838</u>	<u>407,124</u>
Total Assets Less Current Liabilities		<u>512,697</u>	<u>484,762</u>
Non-Current Liabilities			
Lease liabilities		358	1,114
Deferred tax liabilities		4	70
		<u>362</u>	<u>1,184</u>
Net Assets		<u>512,335</u>	<u>483,578</u>
Equity			
Share capital	12	19,920	19,920
Reserves		492,415	463,658
Total Equity		<u>512,335</u>	<u>483,578</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 Walkers Corporate Limited, 190 Elgin Avenue, 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 have been listed on the Main Board of The Stock Exchange of Hong Kong Limited (the “**Stock Exchange**”) since 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

These 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.

These financial statements have been prepared on a going concern basis, under the historical cost convention except for investments in media contents which have been measured 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 Adoption of Conceptual Framework for Financial Reporting and Amendments to HKFRSs

The Group has adopted the *Conceptual Framework for Financial Reporting 2018* and the following amendments to HKFRSs for the first time for the current year's financial statements.

Amendments to HKFRS 3	<i>Definition of a Business</i>
Amendments to HKFRS 9, HKAS 39 and HKFRS 7	<i>Interest Rate Benchmark Reform</i>
Amendments to HKAS 1 and HKAS 8	<i>Definition of Material</i>

The nature and the impact of the *Conceptual Framework for Financial Reporting 2018* and the revised HKFRSs are described below:

Conceptual Framework for Financial Reporting 2018 (the “**Conceptual Framework**”) sets out a comprehensive set of concepts for financial reporting and standard setting, and provides guidance for preparers of financial statements in developing consistent accounting policies and assistance to all parties to understand and interpret the standards. The Conceptual Framework includes new chapters on measurement and reporting financial performance, new guidance on the derecognition of assets and liabilities, and updated definitions and recognition criteria for assets and liabilities. It also clarifies the roles of stewardship, prudence and measurement uncertainty in financial reporting. The Conceptual Framework is not a standard, and none of the concepts contained therein override the concepts or requirements in any standard. The Conceptual Framework did not have any significant impact on the financial position and performance of the Group.

Amendments to HKFRS 3 clarify and provide additional guidance on the definition of a business. The amendments clarify that for an integrated set of activities and assets to be considered a business, it must include, at a minimum, an input and a substantive process that together significantly contribute to the ability to create output. A business can exist without including all of the inputs and processes needed to create outputs. The amendments remove the assessment of whether market participants are capable of acquiring the business and continue to produce outputs. Instead, the focus is on whether acquired inputs and acquired substantive processes together significantly contribute to the ability to create outputs. The amendments have also narrowed the definition of outputs to focus on goods or services provided to customers, investment income or other income from ordinary activities. Furthermore, the amendments provide guidance to assess whether an acquired process is substantive and introduce an optional fair value concentration test to permit a simplified assessment of whether an acquired set of activities and assets is not a business. The Group has applied the amendments prospectively to transactions or other events that occurred on or after 1 April 2020. The amendments did not have any impact on the financial position and performance of the Group.

Amendments to HKFRS 9, HKAS 39 and HKFRS 7 address issues affecting financial reporting in the period before the replacement of an existing interest rate benchmark within an alternative risk-free rate (“RFR”). The amendments provide temporary reliefs which enable hedge accounting to continue during the period of uncertainty before the introduction of the alternative RFR. In addition, the amendments require companies to provide additional information to investors about their hedging relationships which are directly affected by these uncertainties. The amendments did not have any impact on the financial position and performance of the Group as the Group does not have any interest rate hedge relationships.

Amendments to HKAS 1 and HKAS 8 provide a new definition of material. The new definition states that information is material if omitting, misstating or obscuring it could reasonably be expected to influence decisions that the primary users of general purpose financial statements make on the basis of those financial statements. The amendments clarify that materiality will depend on the nature or magnitude of information, or both. The amendments did not have any significant impact on the financial position and 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 2021

	Media content distribution HK\$'000	Brand licensing HK\$'000	Total HK\$'000
Segment revenue:			
Sales to external customers	<u>267,366</u>	<u>67,818</u>	<u>335,184</u>
Segment results	41,940	17,182	59,122
<i>Reconciliation:</i>			
Interest income and unallocated gains			5,926
Depreciation			(4,544)
Other corporate and unallocated expenses			<u>(20,558)</u>
Profit before tax			<u>39,946</u>
Segment assets	417,470	78,063	495,533
<i>Reconciliation:</i>			
Corporate and other unallocated assets			<u>266,884</u>
Total assets			<u>762,417</u>
Segment liabilities	167,725	58,692	226,417
<i>Reconciliation:</i>			
Corporate and other unallocated liabilities			<u>23,665</u>
Total liabilities			<u>250,082</u>

Year ended 31 March 2020

	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>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>

4. Revenue

	2021 <i>HK\$'000</i>	2020 <i>HK\$'000</i>
Major product or service lines		
<i>Media Content Distribution Business</i>		
Distribution of licensed media contents	248,811	233,746
Distribution of feature films	17,990	14,889
Fair value gains on investments in media contents, net	565	—
	<u>267,366</u>	<u>248,635</u>
 <i>Brand Licensing Business</i>		
Sub-licensing of brands	35,264	37,955
Provision of licensing agency services	28,109	26,814
Sales of merchandise	4,445	1,718
	<u>67,818</u>	<u>66,487</u>
	<u>335,184</u>	<u>315,122</u>

	2021 <i>HK\$'000</i>	2020 <i>HK\$'000</i>
Geographical locations		
<i>Media Content Distribution Business</i>		
Hong Kong	116,813	25,101
Mainland China	90,830	194,833
United States	21,007	5,384
Taiwan	14,277	7,475
Singapore	9,618	1,294
Thailand	4,269	3,263
Philippines	6,988	1,078
Others*	3,564	10,207
	<u>267,366</u>	<u>248,635</u>
<i>Brand Licensing Business</i>		
France	12,598	5,280
Mainland China	11,783	9,849
United States	11,624	15,586
Japan	10,227	10,375
Hong Kong	8,164	11,203
Others#	13,422	14,194
	<u>67,818</u>	<u>66,487</u>
	<u><u>335,184</u></u>	<u><u>315,122</u></u>

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

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

5. Other Income and Gains, Net

	2021 <i>HK\$'000</i>	2020 <i>HK\$'000</i>
Bank interest income	1,284	4,169
Foreign exchange differences, net	1,870	—
Government subsidies (<i>note</i>)	2,769	—
Gain on disposal of property, plant and equipment	—	120
Others	192	125
	<u>6,115</u>	<u>4,414</u>

Note: The subsidies were mainly granted under Employment Support Scheme from the Government of the Hong Kong Special Administrative Region. There were no unfulfilled conditions relating to these subsidies.

6. Profit Before Tax

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

	2021	2020
	<i>HK\$'000</i>	<i>HK\$'000</i>
Cost of goods sold and other services rendered	164,777	155,901
Listing-related expenses	—	4,514
Depreciation:		
Right-of-use assets	3,367	2,501
Other items of property, plant and equipment	1,177	1,225
	<u>4,544</u>	<u>3,726</u>
Amortisation of intangible assets [#]	6,051	13,701
Lease payments not included in the measurement of lease liabilities	184	869
Foreign exchange differences, net	(1,870)	542
Impairment of intangible assets*	1,668	349
Impairment of trade receivables*	5,655	2,398
Reversal of impairment of trade receivables*	(78)	(1,366)
Write-off of trade receivables*	2,397	8
Write-down of licensed rights to net realisable value, net*	20,649	16,852
Interest on lease liabilities	109	132
Fair value gains on investments in media contents, net	(565)	—

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

[#] Included HK\$5,580,000 (2020: HK\$8,308,000) and HK\$405,000 (2020: HK\$5,339,000) in respect of amortisation of media content commercial rights and brand licensing contracts, respectively, which are included in "Cost of sales" 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% (2020: 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 (2020: 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.

	2021 <i>HK\$'000</i>	2020 <i>HK\$'000</i>
Current — Hong Kong		
Charge for the year	1,379	1,289
Overprovision in prior years	(76)	(1,578)
Current — Elsewhere		
Charge for the year	142	172
Underprovision in prior years	—	81
Deferred	(66)	(881)
	<u>1,379</u>	<u>(917)</u>
Total tax charge/(credit) for the year	<u><u>1,379</u></u>	<u><u>(917)</u></u>

8. Dividends

The dividends declared by the Company are as follows:

	2021 <i>HK\$'000</i>	2020 <i>HK\$'000</i>
Dividends declared and recognised as distribution during the Reporting Period:		
Interim dividend for the year — HK 0.28 cents (2020: HK 0.24 cents) per ordinary share	5,578	4,800
Less: Dividend for shares held under the share award scheme	<u>(175)</u>	<u>—</u>
	<u>5,403</u>	<u>4,800</u>
Final dividend for the year ended 31 March 2020 — HK 0.21 cents (year ended 31 March 2019: HK 1.3 cents) per ordinary share	<u>4,183</u>	<u>25,896</u>
	<u>9,586</u>	<u>30,696</u>
Dividend proposed after the end of the Reporting Period:		
Proposed final dividend for the year — HK 0.20 cents (year ended 31 March 2020: HK 0.21 cents) per ordinary share	<u>3,984</u>	<u>4,183</u>

The proposed final dividend for the year ended 31 March 2021 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 for the year ended 31 March 2021 is based on the profit attributable to shareholders of the Company of HK\$38,567,000 and the weighted average number of ordinary shares of 1,961,841,507 in issue during the Year, as adjusted to exclude the shares held under share award scheme.

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

No adjustment has been made to the basic earnings per share presented for the years ended 31 March 2021 and 2020 as the Group has no potentially dilutive ordinary shares in issue during those periods.

10. Trade Receivables

	2021 <i>HK\$'000</i>	2020 <i>HK\$'000</i>
Billed	146,909	142,064
Unbilled	48,866	18,367
	<u>195,775</u>	<u>160,431</u>
Less: Allowance for impairment	(16,203)	(10,841)
	<u><u>179,572</u></u>	<u><u>149,590</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 payments usually due upon the submission of the letters of authorisation relating to the media contents to the respective customers. 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 payments 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:

	2021 <i>HK\$'000</i>	2020 <i>HK\$'000</i>
Within 30 days	7,807	2,461
31 to 60 days	8,904	5,825
61 to 90 days	7,847	1,395
91 to 180 days	51,300	74,576
181 to 360 days	21,958	31,237
Over 360 days	49,093	26,570
	146,909	142,064

11. Trade Payables

	2021 <i>HK\$'000</i>	2020 <i>HK\$'000</i>
Billed	78,337	56,204
Unbilled	64,889	77,739
	143,226	133,943

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

	2021 <i>HK\$'000</i>	2020 <i>HK\$'000</i>
Within 30 days	44,015	8,442
31 to 90 days	2,106	23,692
Over 90 days	32,216	24,070
	78,337	56,204

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 are 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 and are calculated based on the royalty rates as stipulated in the respective licensing contracts.

12. Share Capital

	2021 <i>HK\$'000</i>	2020 <i>HK\$'000</i>
Authorised:		
5,000,000,000 ordinary shares of HK\$0.01 each	<u>50,000</u>	<u>50,000</u>
Issued and fully paid:		
1,992,000,000 ordinary shares of HK\$0.01 each	<u>19,920</u>	<u>19,920</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:			
At 1 April 2019		38,000,000	380
Increase of 4,962,000,000 ordinary shares of HK\$0.01 each on 12 April 2019	(a)	<u>4,962,000,000</u>	<u>49,620</u>
At 31 March 2020, 1 April 2020 and 31 March 2021		<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:			
At 1 April 2019		1	—
Capitalisation issue of 1,493,999,999 ordinary shares of HK\$0.01 each on 21 May 2019	(b)	1,493,999,999	14,940
Issuance of 498,000,000 ordinary shares of HK\$0.01 each on 21 May 2019	(c)	<u>498,000,000</u>	<u>4,980</u>
At 31 March 2020, 1 April 2020 and 31 March 2021		<u><u>1,992,000,000</u></u>	<u><u>19,920</u></u>

Notes:

- (a) 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.
- (b) 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 (c) below.
- (c) 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 approximately 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,

「乘風破浪 勵志前行」

Since Listing in May 2019, the management team and I have been meeting with institutional investors, analysts and stock commentators and through numerous interviews, radio, online, off-line and free TV, communicating with the public what Medialink Group does and the infinite opportunities before us. I am glad to report that while there are still work to do, the market has begun to see Medialink Group's worth.

As a leading dynamic market mover of media content distribution and brand licensing management enabler headquartered in Hong Kong with presence in Mainland China, Japan and South East Asia, our vision is to be the best intellectual property (“IP”) management company in Asia. With that, we have rolled out our 5 years growth corporate strategy, announced at the Group's first annual general meeting in 2019, in 7 pillars refining and extending our own all-rounded IP ecosystem, which includes IP co-investment and development, platforms and production. This foundational direction gives the Group laser vision as to where it will go and how we will get there. I am glad to report that with the dedication of everyone in Medialink Group and support from our long standing suppliers and customers, the Group is on track with its strategy with an overall growth of 6.4% in total revenue and 7.3% in net profit during the Reporting Period.

Our own Ani-One[®]Asia anime platform in the region has garnered 1,540,000 subscribers and more than 162,000,000 views on its YouTube channel as of the date of this announcement. Other than our own edutainment VOD Ani-Kids[®] channel and e-commerce platform Ani-Mall[®], we have added a new global art and craft e-commerce platform *Whateversmiles*[™] for talents. As much as we are all in challenging times, the nature of our businesses — creativity — thrives and we look forward to more developments and achievements of our own IP and platforms.

We could not have achieved all these without our colleagues and the leadership of our Board instilling environmental, social and governance in every chord of our businesses with our own created 5C — Creativity, Content, Character, Care and Contribution. In dedication and commitment, we are riding the wind and breaking the waves, moving forward with great determination.

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 0.20 cents per share was proposed for the Reporting Period. Including the interim dividend of HK 0.28 cents per share distributed during the Reporting Period, the total dividends for the Reporting Period is HK 0.48 cents per share, representing a distribution of approximately 25% of the Group's profit attributable to shareholders of the Company.

I would 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, the Group increased the total revenue by 6.4% to HK\$335.2 million and the net profit by 7.3% to HK\$38.6 million, on track with its 5 years corporate strategy (2019–2024) with steady growth and impetus for expansion.

For Media Content Distribution Business, its segment revenue for the Reporting Period has increased 7.5% to HK\$267.4 million and for Brand Licensing Business, its segment revenue for the Reporting Period has increased 2.0% to HK\$67.8 million. For Brand Licensing Business, its segment results for the Reporting Period has increased 89.6% from HK\$9.1 million to HK\$17.2 million largely because of the improvement on commission rate and lower amortisation of brand licensing contracts.

During the Reporting Period, progress was on track under the 7 pillars of the 5 years corporate strategy as follows:

1 Expansion of content distribution network

Our own anime channel Ani-One[®] is offered in Subscription Video On Demand (SVOD) and Advertisement Supported Video On Demand (AVOD) formats. For Ani-One[®] SVOD partnered with local OTT platforms, it has expanded to 8 territories. It has also added new OTT partners in Singapore and Vietnam.

For Ani-One[®] AVOD via YouTube (<https://bit.ly/2wPEwAA>), subscribers' numbers and viewership continue to rise and up to 31 March 2021, we have over 1.34 million subscribers and 145.6 million views.

Other than offering the latest and most popular anime, Ani-One[®] also produces its own anime related creative videos and offers KOL broadcast sharing on the anime shown on Ani-One[®] on YouTube, music cover by local musicians and make-up demonstration by cosplay artists.

As to our first edutainment Ani-Kids[®] channel (Ani-Kids[®] Facebook <https://www.facebook.com/AniKidsZone/>), it was launched on 19 September 2020 on myTV SUPER, a media platform operated by TVB Group. Ani-Kids[®] showcased entertainment and educational contents on science, technology, engineering and mathematics from around the world to bring fun, learning and adventures to kids with values such as love, friendship, trust, forgiveness and consideration.

As to our movie distribution network, we released the movie “My Hero Academia: Heroes Rising (我的英雄學院劇場版：英雄新世紀)” in Asia cinemas. And for the first time, we expanded to India in theatrical release of “My Hero Academia THE MOVIE — Two Heroes (我的英雄學院劇場版：兩個人的英雄)” and “My Hero Academia: Heroes Rising (我的英雄學院劇場版：英雄新世紀)” in local cinemas from February to March 2021. Other than theatrical release, we also released the movie “Double World” on Netflix globally in July 2020 and it was ranked among top 10 viewership in many territories, including Asia, Europe, Middle East, North and South America¹.

Our Media Content Distribution Business continued to be our key revenue contributor during the Reporting Period, accounting for 79.8% of total revenue.

2 Acquisition of new titles/rights

In addition to expanding our content distribution network, we continue to acquire top quality contents in various genres — anime, drama series, and movies.

With more than 70 strong anime series (with around 1,200 episodes in total) distributed during the Reporting Period, the leading titles are: “Jujutsu Kaisen (咒術迴戰)”, “To Your Eternity (給不滅的你)”, “Yashahime: Princess Half-Demon (半妖的夜叉姬)”, “I’m Standing on A Million Lives (我立於百萬生命之上)”, “By the Grace of the Gods (眾神眷顧的男人)”, “Godzilla: Singular Point (哥吉拉：奇異點)”, “My Teen Romantic Comedy SNAFU Climax (果然我的青春戀愛喜劇搞錯了。完)”, “Dr • STONE (Season 2) (Dr • STONE (第二季))”, “The Millionaire Detective Balance: UNLIMITED (富豪刑警 Balance: UNLIMITED)”, “THE PROMISED NEVERLAND (Season 2) (約定的夢幻島 (第二季))”, “LAID-BACK CAMP Season 2 (搖曳露營△ (第二季))”, “So I’m a Spider, So What? (轉生成蜘蛛又怎樣!)”, “Horimiya (堀與宮村)” and “Otherside Picnic (裏世界遠足)”. They are highly patronised by various fan communities and well received by customers and viewers. In spite of the struggle of some animation studios in meeting the production schedule due to pandemic (one of the main reasons for the delays in release and affecting our acquisition and distribution plans), we managed to have a smooth release, with hundreds and thousands of anime fans celebrating and following closely all our titles and release exhibitions in various platforms in Asia. The top performer in China is “Jujutsu Kaisen (咒術迴戰)”, having 560,000,000 views as of 8 June 2021 on one of the major VOD platforms. Its popularity is no coincidence as it was reported by Shuiesha Inc., the publisher of “Jujutsu Kaisen (咒術迴戰)”, that the Japanese comic has over 45 million copies in circulation², making it one of the best-selling Japanese comics of all times. Meanwhile, as of 8 June 2021, Ani-One® YouTube channel’s top performer is “The Millionaire Detective Balance: UNLIMITED (富豪刑警 Balance: UNLIMITED)” with viewership reaching 21,001,567.

1 <https://flixpatrol.com/title/double-world-2019/top10/>

2 <https://otakukart.com/jujutsu-kaisen-now-has-45-million-copies-in-circulation/>

To support the development of our edutainment Ani-Kids® channel, we acquired and distributed titles such as “FOOD Man (FOOD超人)”, “Leo the Truck — Sing with Leo (小卡車利奧 Sing with Leo)”, “Robocar POLI (救援小英雄珀利)”, “HAPPIPLAYGROUND”, “Kawanimals”, “NINJABOY RANTARO (忍者亂太郎)”, “Kaasan Mom’s Life (每日媽媽)”, “English Tree TV”, “Go Go Giwas (吉娃斯愛科學)”, “ZOMBIEDUMB (Season 1) (逗比僵屍 (第一季))”.

For drama series, we co-invested, co-produced and distributed “futmall.com (預支未來)” to Netflix globally and also to a local VOD platform in Taiwan.

For movies, while cinemas were closed at various points during the Reporting Period, they were eventually opened with implementation of social distancing requirements. We distributed “Violet Evergarden: the Movie (劇場版紫羅蘭永恆花園)” in Hong Kong and it had been shown in Hong Kong cinemas for close to 6 months. Despite the social distancing restriction, there was an 239% increase when compare to the release of the previous movie “Violet Evergarden — Eternity and the Auto Memory Doll — (紫羅蘭永恆花園外傳 — 永遠與自動手記人偶 —)” back in January 2020. After the reopening of cinemas after Chinese New Year, we released another two Japanese live action movies “The Untold Tale of the Three Kingdoms (反轉三國志)” and “THE PROMISED NEVERLAND (約定的夢幻島)” in Hong Kong. In Taiwan, we released “Gintama The Very Final (銀魂 THE FINAL)” on 26 February 2021.

3 Strategic content co-investment

The Group’s co-investment in its first domestic and Chinese animated series “KIKI & NUNA (奇奇和努娜)” has been engaged in distribution and licensing activities throughout the year. After its first broadcast on the China Central Television kid’s channel CCTV-14 from 6 November 2020, “KIKI & NUNA (奇奇和努娜)” is available on over 55 platforms in China including TV, VOD platforms, OTT, IPTV and inflight channels in China. Moreover, “KIKI & NUNA (奇奇和努娜)” will be broadcasted in Asia in Q4 2021. “KIKI & NUNA (奇奇和努娜)” has grabbed a number of awards and recommendations such as Excellent Domestic Anime by National Radio and Television Administration in China (國家廣播電視總局). On 19 March 2021, the Group and the co-investor Suzhou Aola Animation Technology Co. Ltd. revealed the coming of Season 2 of “KIKI & NUNA (奇奇和努娜)” on Jiangsu-Hong Kong Film & TV Cooperation Conference during FILMART 2021. In Season 2, more characters and scenes will be developed, and a new journey is waiting for Kiki, Nuna and their friends.

In terms of licensing activities of “KIKI & NUNA (奇奇和努娜)”, the first batch of merchandised products will be launched in Q2-Q3 2021. It will cover toys, food and beverage and kid’s apparels which are the main focus merchandised categories. In 2021–2022, “KIKI & NUNA (奇奇和努娜)” will participate and conduct in more B2B licensing activities to expand on more business opportunity.

Other than co-investing in animation, the Group’s co-invested movie “One Second Champion (一秒拳王)” was the box office champion for Hong Kong Movie in 2021 with box office exceeding HK\$17 million as of 8 June 2021³. In addition to the great theatrical success, the movie also received critical acclaim. The movie was selected as one of the “Recommended Movie” of the 27th Hong Kong Film Critics Society Award (第二十七屆香港電影評論學會大獎). It is also the winner of the “Audience Choice” (觀眾票選最佳電影) of 2020 Hong Kong Asia Film Festival (香港亞洲電影節). Outside Asia, it was also the “CENTERPIECE of Festival” of the Asian Pop-Up Cinema by Sophia’s Choice in Asia Movies Festival 「亞洲躍動電影節」 in Chicago, USA.

Another co-invested movie of the Group “Drifting (濁水漂流)” was enlisted in the “Big Screen Competition” (「大銀幕」競賽單元) of the 2021 International Film Festival Rotterdam (鹿特丹國際影展) and nominated in Hong Kong International Film Festival (香港國際電影節) “Firebird Award” (「火鳥大獎」競賽單元). The movie was released in Hong Kong on 3 June 2021.

For drama series, the Group entered into a global distribution deal with Netflix for the Group’s co-invested Taiwanese drama series “More Than Blue (比悲傷更悲傷的故事)” and it will be aired globally on Netflix soon. The Group has also co-invested in another Taiwanese drama series “Arc of Life ((她)們創業的那些事)” which is aired globally on IQIYI.

As to the Group’s first co-production of “Orenchi no Furo Jijo (我家浴缸的二三事)”, a 12 episodes live action drama series adapted from Japanese manga, it has finished shooting and is currently in post-production stage and is targeted to be released by the end of 2021.

The Group’s participation in co-investment, co-development and co-production of content will solidify the Group’s edge in bringing the best content to its customers, enhance and complete the Group’s eco-system in building a sustainable business model, and accelerate the growth of our Brand Licensing Business.

3 The information is provided by the Hong Kong Motion Picture Industry Association (MPIA) & Hong Kong Theatres Association (HKTA) affiliated Hong Kong Box Office Limited (HKBO).

4 Acquisition of licensing brands

Our Brand Licensing Business contributed 20.2% of our total revenue during the Reporting Period.

During the Reporting Period, the Group added a number of brands in different categories — Pets Rock and Lychee & Friends for lifestyle; and “Jujutsu Kaisen (咒術廻戰)” and “My Hero Academia Season 5 (我的英雄學院 (第五季))” for Japanese anime. The Group also accomplished significant renewal with our long-term partner Le Petit Prince.

Pets Rock, a brand created by British art and design partners Mark and Kate Polyblank, is making substantial inroads into the Asian market with more than 80 characters cleverly combining people’s enduring fascination with their pets and the cult of celebrity in an engaging mix of pop culture and trend. The Group represents the brand in Mainland China, Hong Kong, Taiwan and South East Asia.

Lychee & Friends, a lifestyle brand founded by Korean designers in 2016, promotes original creativity and humor. The Group represents the brand in Mainland China, Hong Kong, Taiwan and South East Asia.

Furthermore, the Group will continue to focus on Japanese anime brands especially the newly acquired brand “Jujutsu Kaisen (咒術廻戰)”, one of the best-selling Japanese comics of all times. Licensed products of “Jujutsu Kaisen (咒術廻戰)” were launched at Ani-One® x FanFans Popup Store from 2–10 February 2021 and Taipei International Comics & Animation Festival in Taiwan from 4–8 February 2021.

The Group has been working with Le Petit Prince for 17 years and has extended its relationship for another 5 years.

5 Expansion on licensing brands rights

The Group has also expanded on the genre of licensing rights from traditional items like apparels and accessories, gifts and premiums to a new area — games and digital contents.

During the Reporting Period, we licensed emoji® to Tencent Mobile International Limited for collaboration with its globally top-ranked tactical online video game “Peacekeeper Elite (和平精英)” for Mainland China market. We launched a series of emoji® themed props including head piece, backpack and pendant during the Chinese Valentine’s day. These fashionable and sci-fi inspired visuals have stirred massive social media interactions in the country.

The Group also becomes a licensee for some of our brands to develop creative and promotion programmes for our brands.

The Group partnered with Huawei Software Technologies Co., Ltd. as a smart phone theme packs licensee for Le Petit Prince, emoji® globally and Popeye for Mainland China and launched LINE stickers with Le Petit Prince and Lychee & Friends during the Reporting Period.

The Group's own anime channel Ani-One® also partnered with Snaptee, a print-on-demand casual wear brand in Hong Kong, and launched a series of collaboration with popular Japanese Anime characters such as “My Hero Academia (我的英雄學院)”.

Furthermore, the Group held the “Le Petit Prince — Le Havre” exhibition in January 2021 at Art Gallery in Harbour City, Hong Kong for celebrating the 75th anniversary of Le Petit Prince's first French-edition publication. This exhibition showcased over 40 art masterpieces from Steven Choi, who was the first Hong Kong illustrator who won the Champion of WIA and JIA Prize and exhibited his artworks worldwide. These art piece and a variety of Le Petit Prince collaboration collectables, including paper art, blind box toys, calendar, tote bag, T-shirt, bowtie, special edition watch, jewellery and herbal tea sets generated significant sales from the event. Over 30 media visited the exhibition and conducted shooting and media interviews, a total of 312 press clippings were published with over 158 million circulation and over HK\$10 million media value worth⁴.

Further, the Group had generated significant sales revenue for Le Petit Prince through developing a variety of merchandise, events and explored new opportunities with a variety of licensees on providing high quality merchandise which covered daily life for fans, such as apparel, food, collectible and gift items. During the 2021 COVID-19 situation, the Group sought opportunities with licensees to launch face masks and hygiene products and collaborated on Le Petit Prince with charity events which truly present the core value, care and love from the Le Petit Prince Story.

The Group will continue to develop and expand our licensing rights to new areas such as games and digital contents; and to a next level by moving forward as a licensee.

4 The information is from MEDIALINK x STEVEN CHOI “LE PETIT PRINCE — LE HAVRE” EXHIBITION PR CLIPPING REPORT by Dynamic Duo Co. Limited on 4 March 2021 for celebrating the 75th anniversary of Le Petit Prince's first French-edition publication.

6 *Be Hong Kong's ambassador*

The Group acts as Hong Kong's ambassador by supporting and co-investing 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. The Group is also the sponsor of the Global University Film Awards (GUFA) 2020 organised by Hong Kong Baptist University and the award ceremony was held on 6 November 2020. GUFA 2020 received over 2,500 short films from students and young film makers from 104 countries and regions globally. The Group sponsored awards on Best Animation, Gold Award and Hong Kong Baptist University Academy of Film's Choice.

The Group's new arts e-commerce platform *Whateversmiles*TM partners with local art & craft artists to support the arts industry in Hong Kong. Our partner created a limited-edition embroidery product for our co-invested movie "One Second Champion (一秒拳王)" which was launched on *Whateversmiles*TM platform.

*Whateversmiles*TM also launched The Little Prince Secret campaign, which gathers creators from Hong Kong and shows their creativity using the IP Le Petit Prince. The Group launched a wide range of arts and craft products such as handmade leather goods and bowties. To encourage local culture and support creators, *Whateversmiles*TM cooperates with DIY workshop and holds Le Petit Prince clay cream rose workshop.

Recently, the Group also worked with Cedar Workshop from Ebenezer School in Hong Kong to launch Le Petit Prince wooden coaster for charity and to help the visually impaired to spread our love and care in Hong Kong.

7 *New investments and new business*

After the launch of our first e-commerce platform Ani-Mall[®] in Hong Kong, the Group continued to add on different range of products from the most popular anime series. The launch of the disposable medical masks of Mobile Suit Gundam has proven to be a great success.

The Group developed new e-commerce platforms for Peppa Pig and Pals in the Philippines. In partnership with Hasbro Consumer Products Licensing Limited, the licensor of top pre-school brands, including Peppa Pig and PJ Masks, the Group launched the first official e-store in the Philippines through market-leader of e-commerce platforms Lazada and Shopee. It offered over 120 SKUs of key categories such as toys, apparel, homeware, bags, plasticware, bicycle and activity books. Other than merchandise from Peppa Pig and Pals, a new brand will also be added - Ricky Zoom in the toy line by the third quarter in 2021. The growth of e-commerce business in South East Asia has led the Group to expand to other markets such as Singapore, targeting launch by end of 2021.

The Group also launched new arts e-commerce platform WhateverSmiles™ on 28 January 2021. It is an e-commerce platform for artists to create their own designs and products with licensed IP.

Awards

The Group was awarded by Enterprise Asia on 20 November 2020. The Asia Pacific Enterprise Award — Corporate Excellence Category in media and entertainment industry for demonstrating sustainable growth, responsible leadership and operational excellence.

Our chairman and CEO Lovinia Chiu was also awarded on 16 November 2020 “The GBA Outstanding Women Entrepreneur Awards 2020” jointly organised by Hong Kong Small and Medium Enterprises Association and FM104 Metro Finance in recognition of her distinguished achievement and contribution to the media industry in society in the Guangdong-Hong Kong-Macau Greater Bay Area.

Our Managing Director Noletta Chiu of Medialink Animation International Limited was awarded by POMASE (The Licensor of Le Petit Prince) for Best Agent Ever for Le Petit Prince in February 2021.

During the Reporting Period, the Group’s distributed animation “Jujutsu Kaisen (咒術廻戰)” was awarded with Bahamut Taiwan Award (巴哈姆特遊戲動漫大賞- 2020年度人氣電視動畫金獎).

The Group’s co-invested domestic animation “KIKI & NUNA (奇奇和努娜)” was selected as one of the original China animations of 2020年新聞出版總署“原動力”中國原創動漫出版扶持計劃 and was also awarded Excellent Domestic Animation by National Radio and Television Administration in China (國家廣播電視總局2020年優秀國產動畫片).

Business Outlook and Future Plans

While COVID-19 may not go away soon, with vaccination against COVID-19 rolling out around the world, we believe that the global economy will improve. We will continue to maintain our strong business and financial discipline against the tide with optimism. We believe that the only way out is to learn to live with COVID-19 and look for opportunities amidst the pandemic crisis. Many activities have indeed been affected with lock down and social distancing requirements but online activities from online conferences and exhibitions to e-commerce sales have skyrocketed. We believe our 5 years corporate strategy is heading in the right direction capable to tap into the stay home economy and continue with the realignment and enhancement on our eco-system ensuring its sustainability, connectivity and profitability.

The Group will continue to accelerate the development on e-commerce platform in different territories and will proactively develop opportunities in strategic partnerships, alliances and acquisitions. The Group will also continue to build on the depth and breadth of our Media Content Distribution Business and Brand Licensing Business with the following focus areas:

1 *Expansion of our own content distribution platforms and e-commerce platform*

- Ani-One® SVOD expansion to Thailand and Philippines.
- Ani-One® to add new partners in Malaysia and Indonesia.
- Our distribution network will be expanding to Middle East and Korea. Ani-One® AVOD via YouTube will establish YouTube membership, target to implement in July 2021 to create loyalty among Ani-One® anime fans.
- Ani-One® AVOD via YouTube will develop localised sub-channels in the next two years to groom up the subscriptions and revenue.
- Our content distribution network will be expanding to Middle East and Korea.
- Ani-Mall® to extend to outside Hong Kong.
- Partnered e-commerce business to expand to other markets such as Thailand and Singapore.

2 *Expansion of our strategic content and brand investments*

- 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 & NUNA (奇奇和努娜)” will commence broadcasting globally with distribution and licensing activities in Q4 2021. We will continue to collaborate with co-investors and help them grow their brands by conducting different creative programmes. Second series of “KIKI & NUNA (奇奇和努娜)” is already in production and will be ready by Q2 2022.
- Enter into different output deals with renowned production houses in Japan and China.
- Co-produce and distribute “Orenchi no Furo Jijo (我家浴缸的二三事)”, a TV drama series adapted from Japanese manga series and build its brand by conducting different creative programmes.

- Continue to serve as an ambassador of Hong Kong contents and brands, including local co-production of movies, 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.
- Continue our investments in movies and live action TV series. One of our co-invested top notch Chinese action movies is targeted to be released by the end of 2021.
- On live action TV series, we will continue to seek co-investment opportunities on great Chinese TV Series for the release on streaming platform globally.

3 *Venture into new businesses*

- Look for investment and business opportunities such as music, video games, merchandise, etc. which complement with and can create synergies with our existing businesses.
- Continue to build ourselves as the best platform for our partners, providing the best entertainment and brands for everyone in the globe.
- Continue to look for opportunities to develop digital games.

4 *Strengthen exposures of Japanese brands*

- Seek opportunities to collaborate with luxury brands on regional or global scale.
- Expand the resources for product design, production management and stock logistic to take the opportunity of Japanese anime trend and the successful e-commerce distribution channel open in South East Asia.
- Create collaborative platforms to showcase anime content licensing opportunities and merchandising.

	As at 31 March 2021	As at 31 March 2020
Number of active titles of media contents available	533	431
Number of brands available	141	87

FINANCIAL REVIEW

Revenue

For the year ended 31 March 2021, our Group's revenue reached HK\$335.2 million, representing an increase of HK\$20.1 million or 6.4% as compared to the year ended 31 March 2020, mainly due to the increase in revenue generated from Media Content Distribution Business.

Revenue derived from Media Content Distribution Business was our Group's major source of revenue, contributing 79.8% (2020: 78.9%) of our Group's revenue. Revenue derived from Media Content Distribution Business increased by 7.5% from HK\$248.6 million in last year to HK\$267.4 million during the Year. Such increase in revenue was primarily due to the strengthening of the content distribution network, resulting in more sales in South East Asia and globally. During the Year, one of our Group's major customers has changed its signing entity, resulting in a significant swing in revenue by geographical locations between Mainland China and Hong Kong.

Revenue derived from Brand Licensing Business increased by 2.0% from HK\$66.5 million for the year ended 31 March 2020 to HK\$67.8 million during the Year. The increase was mainly due to its continued growth in Mainland China market in respect of popularity of several international characters brands and Japanese brands. Further, the Group had generated significant sales revenue from Le Petit Prince through developing a variety of merchandise and events. Despite the growth in Brand Licensing Business, the segment revenue growth was partly offset by the continuous outbreak of COVID-19 which negatively impacted the sale in South East Asia. Nevertheless, the Company signed more deals during the year as reflected by the increase in contract liabilities. Due to timing difference, the contract liabilities will be recorded in the coming financial years as revenue.

Cost of Sales

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 increased by HK\$1.2 million or 0.7% from HK\$169.5 million for the year ended 31 March 2020 to HK\$170.8 million for the year ended 31 March 2021. The increase was in line with the increase in revenue.

Gross Profit and Gross Profit Margin

Gross profit for the year ended 31 March 2021 amounted to HK\$164.4 million, representing an increase of HK\$18.8 million or 12.9% as compared to HK\$145.6 million for the year ended 31 March 2020, mainly due to a decrease in the amortisation of media content commercial rights and brand licensing contracts included in "cost of sales". Meanwhile, gross profit margin increased by 2.9 percentage points from 46.2% in last year to 49.1% for the year ended 31 March 2021 which was roughly the same for both years.

Other Income and Gains

Other income and gains increased by HK\$1.7 million or 38.5% to HK\$6.1 million for the year ended 31 March 2021. The increase was mainly due to government subsidies under the Employment Support Scheme and exchange gain, partly offset by a decrease in bank interest income.

Selling and Distribution Expenses

Selling and distribution expenses for the year ended 31 March 2021 amounted to HK\$44.8 million, remain constant when comparing to HK\$44.8 million in last year. The level remains stable while the mix has been changed. There is a decrease in transportation expenses and promotion expenses as a result of the COVID-19 outbreak. Such decrease was offset by the increase in staff costs in relation to enhancing our market presence during the Year.

General and Administrative Expenses

General and administrative expenses for the year ended 31 March 2021 amounted to HK\$55.4 million, representing an increase of HK\$4.1 million or 8.1%. The increase was primarily due to the increase in staff cost and directors' remuneration of HK\$9.8 million, partly offset by the decrease in one-off listing-related expenses of HK\$4.5 million and other operating expenses.

Other Expenses

Other expenses, net for the year ended 31 March 2021 amounted to HK\$30.3 million, representing an increase of HK\$11.5 million. The increase was primarily due to a write-down of HK\$20.6 million of licensed rights to net realisable value during the year ended 31 March 2021, an increase of HK\$3.8 million, after taking into account the current market conditions and estimated future recoverable amounts in respect of the licensed rights. The increase was also due to the impairment write-off of trade receivables of HK\$8.1 million recognised during the year, representing an increase of HK\$5.6 million, after taking into account the current market conditions.

Income Tax Expense/(Credit)

Income tax expense for the Year amounted to HK\$1.4 million (2020: income tax credit of HK\$0.9 million) was recorded. The change from tax credit to tax charge was mainly due to the reversal of over-provision for profits tax of HK\$1.6 million in the previous year.

Profit for the year

As a result of the foregoing, profit for the year increased by HK\$2.6 million or 7.3% for the year ended 31 March 2021. Net profit margin of 11.5% was similar to the previous year.

Profit For The Year Attributable to Shareholders of the Company

Profit for the Year attributable to shareholders of the Company amounted to HK\$38.6 million (2020: HK\$36.0 million), representing an increase of 7.3%.

Adjusted Profit For The Year 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	
	2021	2020
	HK\$'000	HK\$'000
Profit for the year attributable to shareholders of the Company	38,567	35,951
Plus:		
Listing-related expenses	—	4,514
Adjusted profit for the year attributable to shareholders of the Company	<u>38,567</u>	<u>40,465</u>

Adjusted profit for the year attributable to shareholders of the Company would amount to HK\$38.6 million, representing a decrease of HK\$1.9 million or 4.7%.

Liquidity, Financial Resources and Gearing Ratio

As at 31 March 2021, our Group had cash and bank balances of HK\$246.1 million (2020: HK\$298.0 million), most of which were denominated in US dollars and HK dollars.

As at 31 March 2021, our Group had a current ratio¹ of 2.7 compared to 2.9 and a cash ratio² of 1.0 compared to 1.4 as at 31 March 2020. The decrease in liquidity ratio was due to cash used in investments and operations.

Notes: ¹ Current ratio was calculated by dividing the total current assets 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 2020 and 2021, 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 2021.

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 2021.

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**”) were 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 2021, 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 of proceeds up to 31 March 2021 HK\$'000	Unutilised amount as at 31 March 2021 ^(Note 2) HK\$'000
Strengthen media contents portfolio	101,781	(46,299)	55,482
Expand our Brand Licensing Business	32,572	(9,764)	22,808
Relocation and renovation of Hong Kong office and upgrade information technology equipment	12,857	(84)	12,773
Use for co-investment in the production of media contents	17,694	(10,725)	6,969
Expand media content team, brand licensing team and expand workforce and enhance back office support	8,691	(1,798)	6,893
Use for our general working capital	12,283	(12,283)	—
	<u>185,878</u>	<u>(80,953)</u>	<u>104,925</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 2021 is expected to be utilised in the years ended 31 March 2022 and 2023.

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. The planned use of proceeds as stated in the Prospectus were based on the best estimation and assumption of the future market conditions made by the Company at the time of preparing the Prospectus. The completion time of the use of Net Proceeds will be determined based on the market environment and the future business development of the Company.

Capital Structure

There has been no change in the capital structure of our Group since the Listing Date and share capital of our Company 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 acquisition or disposal of subsidiary since the Listing Date and up to the Reporting Period.

Pledge of Assets

As at 31 March 2021, none of the assets of our Group was pledged.

Capital Commitments

As at 31 March 2021, our Group had no capital commitment that was not provided for in the consolidated financial statements.

Purchase, Sale or Redemption of Listed Shares

During the Year, neither our Company nor any of our subsidiaries purchased, sold or redeemed any of our Company's listed shares, except that the trustee of the share award scheme acquired a total of 64,615,000 shares of the Company on and off the market for the purpose of the share award scheme and the grant of the award shares.

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 2021.

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 2021 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 2021.

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 as the Group's code of conduct regarding Directors' securities transactions.

Specific enquiry has been made to all the Directors and all the Directors have confirmed that they have complied with the Model Code for the year ended 31 March 2021 and up to the date of this announcement.

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. For the year ended 31 March 2021 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 Friday, 17 September 2021. 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 0.20 cents per share for the year ended 31 March 2021 (2020: HK 0.21 cents per share), amounting to HK\$3,984,000 (2020: HK\$4,183,000), to the Shareholders whose names appear on the register of members of our Company on Wednesday, 29 September 2021. The proposed final dividend will be paid on Thursday, 21 October 2021, 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 Tuesday, 14 September 2021 to Friday, 17 September 2021, 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 Monday, 13 September 2021.

To ascertain entitlement to the proposed final dividend, the register of members will be closed from Friday, 24 September 2021 to Wednesday, 29 September 2021, 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 Thursday, 23 September 2021.

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). The annual report for the year ended 31 March 2021 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 2021.

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

Hong Kong, 28 June 2021

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, BBS, 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.