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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)

INTERIM RESULTS ANNOUNCEMENT
FOR THE SIX MONTHS ENDED 30 SEPTEMBER 2021

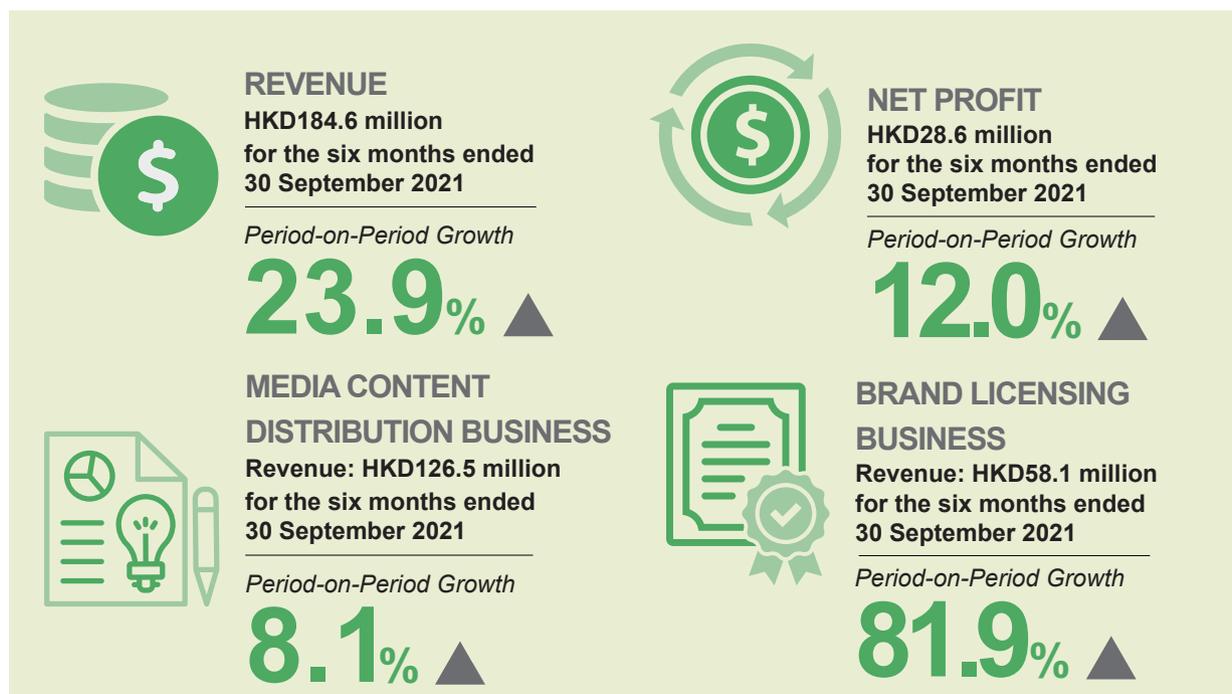
FINANCIAL HIGHLIGHTS			
	Six months ended		
	30 September		
	2021	2020	Change
	(Unaudited)	(Unaudited)	
	HK\$'000	HK\$'000	
Revenue			
— Media Content Distribution Business	126,535	117,046	+8.1%
— Brand Licensing Business	58,133	31,957	+81.9%
Total	184,668	149,003	+23.9%
Gross Profit Margin	50.7%	48.7%	
Profit attributable to shareholders of the Company	28,624	25,558	+12.0%
Interim dividend per share ⁽¹⁾	HK 0.50 cent	HK 0.28 cent	
	30 September	31 March	
	2021	2021	
	(Unaudited)	(Audited)	
	HK\$'000	HK\$'000	
Liquidity ratio			
Current ratio ⁽²⁾	2.3	2.7	
Cash ratio ⁽³⁾	0.7	1.0	
Capital adequacy ratio			
Debt to equity ratio ⁽⁴⁾	N/A	N/A	
<i>(1) Interim dividend per share was calculated by dividing interim dividend by the number of the Company's ordinary shares of 1,992,000,000 in issue as at the date of this announcement on 30 November 2021.</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 bank and other borrowings. Thus, the debt to equity ratio was not applicable.</i>			

MANAGEMENT DISCUSSION AND ANALYSIS

BUSINESS REVIEW AND OUTLOOK

Business Review

Steady Growth with Impetus for Expansion



During the six months ended 30 September 2021 (the “**Reporting Period**”), the Group (means Medialink Group Limited (the “**Company**”) and its subsidiaries, collectively the “**Group**”) increased the total revenue by 23.9% to HK\$184.6 million and the net profit by 12% to HK\$28.6 million, which are on track with its 5-year corporate strategy (2019–2024).

Media Content Distribution Business continued to be our key revenue contributor, accounting for 69% of total revenue. Brand Licensing Business has recorded a significant growth in revenue during the Reporting Period, accounting for 31% of our total revenue.

During the Reporting Period, progress is on track under the seven pillars of the 5-year corporate strategy as follows:

1 Expansion of content distribution network

Ani-One VOD PLATFORMS ACROSS ASIA

Ani-One SVOD and AVOD platforms in Asia, your direct access to the local anime community and market!

Extensive **coverage and reach** through our partner VOD operators across Asia, and continuous **business growth**.



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Our own Ani-One® channel, which partners with local OTT platforms, has expanded to 10 territories adding new partners in Indonesia, Philippines, Thailand and Taiwan.

The subscriber number and viewership of our Ani-One® channel via YouTube (<https://bit.ly/2wPEwAA>) continue to rise. Up to 30 September 2021, we have over 1.81 million subscribers and recorded 233.9 million views. It also introduced a new subscription membership channel called Ani-One® ULTRA™ on YouTube on 1 July 2021 for subscribers to enjoy unique anime contents.



Other than distributed contents, 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, behind the scenes and interviews with dubbing artists, etc.

2 Acquisition of new titles/rights

To support the expanding of our content distribution network, we continue to acquire top quality contents in various genres — anime, variety, and movies.

Among the more than 407 strong anime series (and more than 8,000 episodes in total) that are active during the Reporting Period, the new and leading titles are: “To Your Eternity (給不滅的你)”, “My Hero Academia Season 5”, “I’m Standing on A Million Lives (我立於百萬生命之上) Season 2”, “Megalobox Season 2”, “Godzilla: Singular Point (哥吉拉：奇異點)”, “Peach Boy Riverside”, “TSUKIMICHI-Moonlit Fantasy-”, “Heion Sedai no Idateen tachi”, “Sonny boy”, “The Duke of Death and His Maid”, “Sushi Sumo”, “Backflip!!”, and “How NOT to Summon a Demon Lord Ω”. One of the top performers in China is “To Your Eternity,” having over 130 million views as of 6 September 2021 on one of the major VOD platforms. Its popularity transcended across Asia, having generated more than 8 million views as of the said date on Ani-One® Asia YouTube channel.



We also acquired and distributed titles such as “Robocar POLI Song Song Museum (救援小英雄珀利兒歌博物館),” “Leo the Truck (小卡車利奧),” “The Singing Walrus,” “GILIGILIS,” “Save Your Planet,” “Ubongo Kids,” “Weather Boy (觀測站少年),” “Kaasan Mom’s Life Season 2 (每日媽媽第二季)” and “Cardcaptor Sakura (百變小櫻Magic咭)” on our edutainment Ani-Kids® channel.

For movie distribution, we acquired and released movies in various genres during the Reporting Period, including anime movies, Japanese live action movies and our very first distribution of Hollywood movie, “The Mauritanian (誣罪審判)”, starring Jodie Foster and Benedict Cumberbatch. We also arranged a popular boy group “ERROR” to do the Cantonese dubbing of the Japanese Anime Movie “The Crocodile that Lived for 100 Days (鱷魚君最後的100天)”.

3 Strategic content co-investment

On animation, “KIKI & NUNA (奇奇和努娜) (Season 1),” the Group’s first co-investment in domestic and Chinese animated series, is available on over 55 platforms in China including TV, VOD platforms, OTT, IPTV and inflight channels in China including China Central Television kid’s channel CCTV-14.

For movie and TV drama series, the Group’s co-invested movie “Drifting (濁水漂流)” was released in Hong Kong on 3 June 2021. The movie received 12 nominations in the Taiwan Golden Horse Film Festival, including “Best Movie”, “Best Director”, “Best Leading Actor”, “Best Supporting Actors”, “Best Supporting Actress”, “Best Filmography”, “Best Editing” and “Best Adapted Screenplay”. The Group’s co-invested TV drama series “More than Blue TV Series” was released on Netflix globally on 22 October 2021.

4 Acquisition of licensing brands

The Group added a strong and trusted pre-school brand Sesame Street and was appointed as the brand’s licensing agent for the Greater China region including Mainland China, Hong Kong, Taiwan, and Macau.



Sesame Street reaches 150 million kids worldwide, with programming in over 150 countries and 21.5 million YouTube subscribers. The Group also renewed long-term brands such as emoji® and Popeye.

5 Expansion on licensing brands rights

The Group expanded its licensing rights to two new areas — luxury fashion and NFT (non-fungible token).

The Group collaborates with Gucci, a leading worldwide Italian luxury fashion house, and Crunchyroll to launch a selection of special items featuring characters from Bananya®, an original Japanese anime series about the lives of tiny playful cats who live in bananas.



The Group also collaborates with VeVe, one of the largest digital collectibles platforms, to launch worldwide NFT digital collectibles experience for The Little Prince fans around the globe. Through the VeVe app platform, individuals and fans will be able to purchase VeVe’s in-app currency to purchase a variety of official The Little Prince NFTs, or buy, sell, and trade The Little Prince collectibles with other collectors in the VeVe’s secondary marketplace.

As to licensing to games, the Group licensed The Little Prince brand to the gaming arm of Chinese tech giant NetEase (9999.HK) and it launched a special seasonal version of a digital game called “Sky: Children of the Light” featuring The Little Prince. The game is available in China and globally to 156 countries and regions.

The Brand Licensing segment has delivered strong financial operating results due to the significant growth in brand licensing in Japanese anime. Together with strong toys line from Japan, a variety of high quality merchandise was developed, such as collectible, accessories and gift items, and distributed in different regions. The Group also explored new opportunities with licensees for different pop up stores, pop up cafes and even pop up drinks stores on various IP such as “Jujutsu Kaisen”, “The Crocodile that lived for 100 days”, “My Hero Academia”, which all received overwhelming responses.



6 Be Hong Kong’s ambassador

The Group launched The Little Prince Day Campaign on its arts e-commerce platform *Whateversmiles*[®], gathering local handcrafters and launched a series of Le Petit Prince themed handcrafted accessories and workshops.

7 New investments and new business

Following the success in obtaining a 5 stars ranking for Peppa Pig and Pals on its first official e-commerce store in the Philippines, the Group licensed to an e-commerce licensee in Singapore selling Peppa Pig and Pals merchandise since July 2021.

In addition, the Group has co-invested in another new web movie adapted from a famous Chinese character which is now in post-production stage. The web movie is targeted to be released in the first quarter of 2022.

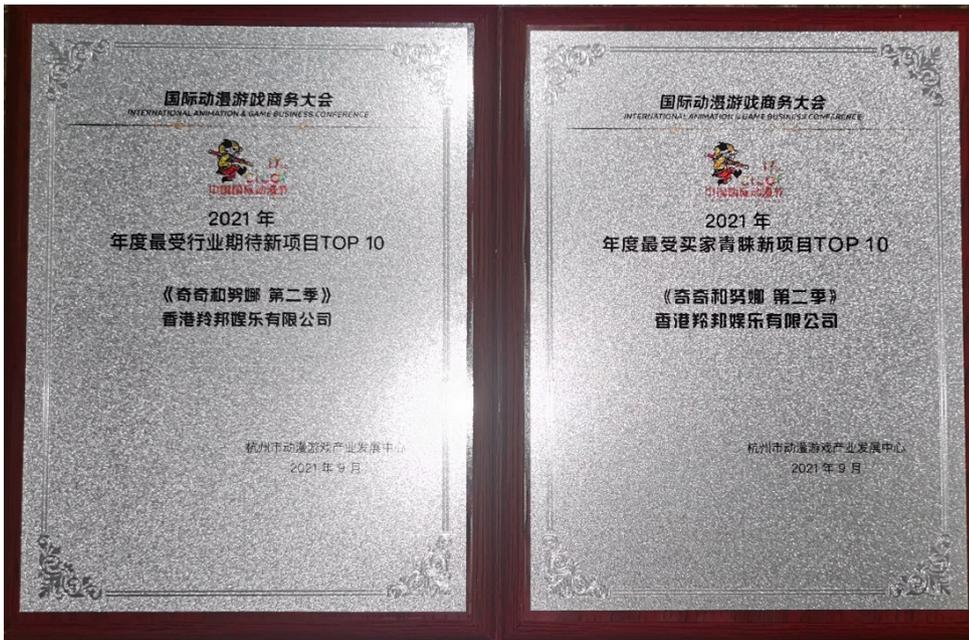
Awards

The Group was awarded the “Outstanding Caring Award” in the “Industry Cares Recognition Scheme 2021”, commending our attention and contribution to the practice of social responsibility and caring for the community. The Industry Cares Recognition Scheme was one of the Federation of Hong Kong Industries’ annual flagship events, the Federation encourages the industrial and business communities to put forward their corporate social responsibility commitments and foster an inclusive and caring society.

Further, the Little Prince and emoji[®] represented by the Group were awarded “Corporate Brand/Fashion/Lifestyle Property of the Year” and “Licensee of the Year (Health/Beauty)” titles respectively at The 2021 China Licensing Awards Ceremony.



“KIKI & NUNA (奇奇和努娜)” was awarded Best Chinese Animation in 2020 (2020年度優秀國產動畫片) by National Radio and Television Administration on 26 August 2021. Besides Season 1, KIKI & NUNA Season 2 is highly expected. In the 17th China International Animation & Game Business Conference, KIKI & NUNA Season 2 has been awarded as Industry Most Expected Project Top 10 and Buyer Most Appreciated Top 10. Kiki, Nuna and friends are going to start their new journey in Season 2 soon.



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 as at the end of the Reporting Period:

Number of active titles of media contents and brands available

	As at 30 September 2021	As at 31 March 2021
Number of media content titles available	581	533
Number of brands available	173	141

BUSINESS OUTLOOK AND FUTURE PLANS

Aiming at Double Digit Growth in Revenue

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:

- Expand our own content distribution platforms and e-commerce platforms
- Expand on the development of licensing to digital games and NFT
- Look for opportunities to develop our branded ‘trendy toys’ in Asia. According to estimates by *Frost & Sullivan*¹, the size of the global trending toy market rose from US\$8.7 billion in 2015 to US\$19.8 billion in 2019, registering a compound annual growth rate of over 22%. It is projected that this market size would further climb to US\$44.8 billion by 2024.
- Seek opportunities to collaborate with luxury brands on regional or global scale

¹ <https://research.hktdc.com/en/article/NzAzNDIwODM4>

INTERIM RESULTS

The board of directors (the “**Board**”) of the Company presents the unaudited condensed consolidated interim results of the Group for the Reporting Period, together with the comparative figures for the corresponding period in 2020 as set out below.

CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS

		Six months ended	
		30 September	
		2021	2020
		(Unaudited)	(Unaudited)
	<i>Notes</i>	<i>HK'000</i>	<i>HK'000</i>
Revenue	4	184,668	149,003
Cost of sales		(91,132)	(76,474)
Gross profit		93,536	72,529
Other income and gains, net	5	455	5,056
Selling and distribution expenses		(26,681)	(16,454)
General and administrative expenses		(21,981)	(21,757)
Other expenses, net		(11,405)	(9,019)
Finance cost		(83)	(73)
Profit Before Tax	6	33,841	30,282
Income tax expense	7	(5,217)	(4,724)
Profit for the Period Attributable to Shareholders of the Company		<u>28,624</u>	<u>25,558</u>
Earnings Per Share Attributable to Shareholders of the Company	9		
Basic and diluted		<u>HK 1.5 cent</u>	<u>HK 1.3 cent</u>

CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

	Six months ended	
	30 September	
	2021	2020
	(Unaudited)	(Unaudited)
	<i>HK\$'000</i>	<i>HK\$'000</i>
Profit for the Period	28,624	25,558
Other Comprehensive Loss		
Other comprehensive loss that may be reclassified to profit or loss in subsequent periods:		
Exchange differences on translation of foreign operations	<u>(199)</u>	<u>(253)</u>
Total Comprehensive Income for the Period Attributable to Shareholders of the Company	<u>28,425</u>	<u>25,305</u>

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 30 September 2021

		30 September 2021 (Unaudited) <i>Notes</i> <i>HK\$'000</i>	31 March 2021 (Audited) <i>HK\$'000</i>
Non-Current Assets			
Property, plant and equipment		26,904	7,599
Goodwill		29,709	29,709
Intangible assets		25,722	15,832
Investments in media contents		42,222	36,661
Deposits		1,387	1,058
		125,944	90,859
Current Assets			
Licensed assets		317,034	227,339
Inventories		3,712	391
Trade receivables	10	174,422	179,572
Prepayments, deposits and other receivables		9,007	9,679
Tax recoverable		4,255	8,448
Cash and cash equivalents		233,669	246,129
		742,099	671,558
Current Liabilities			
Trade payables	11	187,526	143,226
Accruals and other payables		75,778	66,233
Lease liabilities		4,304	848
Contract liabilities		42,492	37,734
Dividend payables		3,852	—
Tax payable		2,389	1,679
		316,341	249,720
Net Current Assets		425,758	421,838
Total Assets Less Current Liabilities		551,702	512,697

		30 September	31 March
		2021	2021
		(Unaudited)	(Audited)
	<i>Notes</i>	HK\$'000	HK\$'000
Non-Current Liabilities			
Lease liabilities		14,466	358
Provision for reinstatement costs		1,311	—
Deferred tax liabilities		1	4
		<u>15,778</u>	<u>362</u>
Net Assets		<u>535,924</u>	<u>512,335</u>
Equity			
Share capital	12	19,920	19,920
Reserves		516,004	492,415
		<u>535,924</u>	<u>512,335</u>
Total Equity		<u>535,924</u>	<u>512,335</u>

NOTES

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. On 25 October 2021, the principal place of business of the Company was changed from Suite 1001, 10/F., Tower 1, South Seas Centre, 75 Mody Road, Tsim Sha Tsui East, Kowloon, Hong Kong to Suites 1801–6, 18/F., Tower 2, The Gateway, Harbour City, 25 Canton Road, Tsim Sha Tsui, 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 (“**BVI**”). 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 period, 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 interim condensed financial information for the six months ended 30 September 2021 has been prepared in accordance with Hong Kong Accounting Standard (“**HKAS**”) 34 *Interim Financial Reporting* issued by the Hong Kong Institute of Certified Public Accountants (the “**HKICPA**”). The interim condensed consolidated financial information does not include all the information and disclosures required in the annual financial statements, and should be read in conjunction with the Group’s consolidated financial statements for the year ended 31 March 2021.

The interim condensed consolidated financial information is 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 accounting policies adopted in the preparation of the interim condensed consolidated financial information are consistent with those applied in the preparation of the Group's annual consolidated financial statements for the year ended 31 March 2021, except for the adoption of the following revised Hong Kong Financial Reporting Standards (“**HKFRSs**”), which also include HKASs and interpretations, that the Group has adopted for the first time for the current period's financial information:

Amendments to HKFRS 9, HKAS 39, *Interest Rate Benchmark Reform — Phase 2*
HKFRS 7, HKFRS 4 and HKFRS 16

Amendment to HKFRS 16 *Covid-19-Related Rent Concessions beyond
30 June 2021*

The nature and impact of the revised HKFRSs are described below:

- (a) Amendments to HKFRS 9, HKAS 39, HKFRS 7, HKFRS 4 and HKFRS 16 address issues not dealt with in the previous amendments which affect financial reporting when an existing interest rate benchmark is replaced with an alternative risk-free rate (“**RFR**”). The phase 2 amendments provide a practical expedient to allow the effective interest rate to be updated without adjusting the carrying amount of financial assets and liabilities when accounting for changes in the basis for determining the contractual cash flows of financial assets and liabilities, if the change is a direct consequence of the interest rate benchmark reform and the new basis for determining the contractual cash flows is economically equivalent to the previous basis immediately preceding the change. In addition, the amendments permit changes required by the interest rate benchmark reform to be made to hedge designations and hedge documentation without the hedging relationship being discontinued. Any gains or losses that could arise on transition are dealt with through the normal requirements of HKFRS 9 to measure and recognise hedge ineffectiveness. The amendments also provide a temporary relief to entities from having to meet the separately identifiable requirement when an RFR is designated as a risk component. The relief allows an entity, upon designation of the hedge, to assume that the separately identifiable requirement is met, provided the entity reasonably expects the RFR risk component to become separately identifiable within the next 24 months. Furthermore, the amendments require an entity to disclose additional information to enable users of financial statements to understand the effect of interest rate benchmark reform on an entity's financial instruments and risk management strategy. The amendment did not have any significant impact on the financial position and performance of the Group.

- (b) Amendment to HKFRS 16 issued in April 2021 extends the availability of the 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 by 12 months. Accordingly, the practical expedient applies to rent concessions for which any reduction in lease payments affects only payments originally due on or before 30 June 2022, provided the other conditions for applying the practical expedient are met. The amendment is effective retrospectively for annual periods beginning on or after 1 April 2021 with any cumulative effect of initially applying the amendment recognised as an adjustment to the opening balance of retained profits at the beginning of the current accounting period. The amendment did not have any significant 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 distributes media content including animation series, variety shows, drama series, animated and live-action films and other video content, which are licensed from third party media content licensors, to customers and invests in media content production; and
- (b) the brand licensing segment either (i) obtains various rights to use third-party owned brands, which include certain merchandising rights, location-based entertainment rights and promotion rights, and sub-licenses the use of these brands to customers; or (ii) acts 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 on other items of property, plant and equipment and other corporate and unallocated expenses are excluded from such measurement.

Segment assets exclude other items of 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 dividend payables, tax payable, corporate and other unallocated liabilities as these liabilities are managed on a group basis.

Six months ended 30 September 2021 (Unaudited)

	Media content distribution HK\$'000	Brand licensing HK\$'000	Total HK\$'000
Segment revenue:			
Sales to external customers	126,705	58,133	184,838
Fair value losses on investments in media contents, net	(170)	—	(170)
Total	<u>126,535</u>	<u>58,133</u>	<u>184,668</u>
Segment results	20,813	20,113	40,926
<i>Reconciliation:</i>			
Interest income and unallocated gains			286
Depreciation			(2,076)
Other corporate and unallocated expenses			(5,295)
Profit before tax			<u>33,841</u>
As at 30 September 2021 (Unaudited)			
Segment assets	514,471	81,951	596,422
<i>Reconciliation:</i>			
Corporate and other unallocated assets			271,621
Total assets			<u>868,043</u>
Segment liabilities	217,366	68,060	285,426
<i>Reconciliation:</i>			
Corporate and other unallocated liabilities			46,693
Total liabilities			<u>332,119</u>

Year ended 30 September 2020 (Unaudited)

	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>117,046</u>	<u>31,957</u>	<u>149,003</u>
Segment results	27,161	10,221	37,382
<i>Reconciliation:</i>			
Interest income and unallocated gains			3,107
Depreciation			(2,272)
Other corporate and unallocated expenses			<u>(7,935)</u>
Profit before tax			<u>30,282</u>
As at 31 March 2021 (Audited)			
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>

4. REVENUE

	Six months ended	
	30 September	
	2021	2020
	(Unaudited)	(Unaudited)
	<i>HK\$'000</i>	<i>HK\$'000</i>
Major product or service lines		
<i>Media Content Distribution Business</i>		
Distribution of licensed media contents	123,253	101,786
Distribution of films	3,452	15,260
	<u>126,705</u>	<u>117,046</u>
Fair value losses on investments in media contents, net	(170)	—
	<u>126,535</u>	<u>117,046</u>
<i>Brand Licensing Business</i>		
Sub-licensing of brands	36,661	18,075
Provision of licensing agency services	18,981	13,182
Sales of merchandise	2,491	700
	<u>58,133</u>	<u>31,957</u>
	<u>184,668</u>	<u>149,003</u>

	Six months ended	
	30 September	
	2021	2020
	(Unaudited)	(Unaudited)
	HK\$'000	HK\$'000
Geographical locations		
<i>Media Content Distribution Business</i>		
Hong Kong	61,283	6,241
Mainland China	26,051	67,450
Taiwan	12,498	9,429
USA	9,068	18,345
Singapore	6,973	3,484
Thailand	4,891	2,466
Philippines	1,669	6,988
Others*	4,272	2,643
	126,705	117,046
<i>Brand Licensing Business</i>		
Japan	12,781	6,185
Mainland China	12,235	4,428
France	8,751	4,773
USA	6,754	5,886
Hong Kong	6,459	4,123
Taiwan	3,749	2,259
Italy	2,702	—
Thailand	1,164	1,269
United Kingdom	679	1,069
Others	2,859	1,965
	58,133	31,957
	184,838[^]	149,003

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

[^] Exclude fair value changes in investments in media contents, net.

	Six months ended	
	30 September	
	2021	2020
	(Unaudited)	(Unaudited)
	HK\$'000	HK\$'000
Timing of revenue recognition		
<u>At a point in time</u>		
<i>Media Content Distribution Business</i>		
Distribution of licensed media contents	123,253	101,786
Distribution of films	3,452	15,260
	126,705	117,046
 <i>Brand Licensing Business</i>		
Sub-licensing of brands	15,287	7,469
Provision of licensing agency services	5,436	3,381
Sales of merchandise	2,491	700
	23,214	11,550
	149,919	128,596
 <u>Over time</u>		
<i>Brand Licensing Business</i>		
Sub-licensing of brands	21,374	10,606
Provision of licensing agency services	13,545	9,801
	34,919	20,407
	184,838[^]	149,003

[^] Exclude fair value changes in investments in media contents, net.

5. OTHER INCOME AND GAINS, NET

	Six months ended 30 September	
	2021	2020
	(Unaudited)	(Unaudited)
	HK\$'000	HK\$'000
<i>Other income and gains</i>		
Bank interest income	286	927
Foreign exchange differences, net	—	2,179
Government subsidies (<i>note</i>)	—	1,811
Others	169	139
	<u>455</u>	<u>5,056</u>

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

6. PROFIT BEFORE TAX

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

	Six months ended	
	30 September	
	2021	2020
	(Unaudited)	(Unaudited)
	HK\$'000	HK\$'000
Cost of goods sold and other services rendered	88,697	73,334
Depreciation:		
Right-of-use assets	1,320	1,693
Other items of property, plant and equipment	756	579
	2,076	2,272
Amortisation of intangible assets [#]	2,454	3,177
Lease payments not included in the measurement of lease liabilities	1,402	92
Employee benefit expense (including directors' and chief executive's remuneration):		
Salaries, wages, allowances and bonuses	28,712	23,634
Pension scheme contributions (defined contribution schemes)	1,901	1,124
Share-based payment expense	—	145
	30,613	24,903
Foreign exchange differences, net	1	(2,179)
Impairment of trade receivables*	2,924	892
Reversal of impairment of trade receivables*	(756)	(319)
Impairment of intangible assets*	167	378
Write-down of licensed rights to net realisable value, net*	9,069	8,068
Finance cost interest on lease liabilities	83	73

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

[#] Included HK\$2,421,000 (six months ended 30 September 2020: HK\$2,848,000) and HK\$14,000 (six months ended 30 September 2020: HK\$292,000) related to amortisation of media content commercial rights and brand licensing contracts, respectively, which are included in "cost of sales" on the face of the condensed consolidated statement of profit or loss.

7. INCOME TAX

Hong Kong profits tax has been provided at the rate of 16.5% (six months ended 30 September 2020: 16.5%) on the estimated assessable profits arising in Hong Kong during the period, except for one subsidiary of the Group which is a qualifying entity under the two-tiered profits tax rates regime. Taxes on profits assessable elsewhere have been calculated at the rates of tax prevailing in the countries/jurisdictions in which the Group operates.

	Six months ended	
	30 September	
	2021	2020
	(Unaudited)	(Unaudited)
	HK\$'000	HK\$'000
Current — Hong Kong		
Charge for the period	5,357	4,611
Underprovision/(overprovision) in prior years	(358)	94
Current — Elsewhere		
Charge for the period	221	67
Deferred	(3)	(48)
	<u>5,217</u>	<u>4,724</u>
Total tax charge for the period	<u><u>5,217</u></u>	<u><u>4,724</u></u>

8. DIVIDENDS

	Six months ended	
	30 September	
	2021	2020
	(Unaudited)	(Unaudited)
	HK\$'000	HK\$'000
Dividend declared and recognised as distribution during the Reporting Period:		
Final dividend for year ended 31 March 2021 — HK 0.20 cent (year ended 31 March 2020: HK 0.21 cent) per ordinary share	3,984	4,183
Less: Dividend for shares held under the share award scheme	(132)	—
	<u>3,852</u>	<u>4,183</u>
	<u><u>3,852</u></u>	<u><u>4,183</u></u>

Six months ended	
30 September	
2021	2020
(Unaudited)	(Unaudited)
HK\$'000	HK\$'000

Dividend proposed after the end of the Reporting Period:

Proposed interim dividend for year ending 31

March 2022 — HK 0.50 cent (year ended 31

March 2021: HK 0.28 cent) per ordinary share

9,960	5,578
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The interim dividend for the year ending/ended 31 March 2022 and 2021 was not recognised as a liability as at 30 September 2021 and 2020, respectively because it has been declared after the end of the Reporting Period.

9. EARNINGS PER SHARE ATTRIBUTABLE TO SHAREHOLDERS OF THE COMPANY

The calculation of basic earnings per share for the six months ended 30 September 2021 is based on the unaudited consolidated profit for the period attributable to shareholders of the Company of HK\$28,624,000 (30 September 2020: HK\$25,558,000), and the weighted average number of our Company's ordinary shares of 1,928,542,892 (30 September 2020: 1,991,766,913) in issue during the period as adjusted to exclude the shares held under the share award scheme of the Company.

No adjustment has been made to the basic earnings per share presented for six months ended 30 September 2021 and 2020 as the Group had no potentially diluted ordinary shares in issue during those periods.

10. TRADE RECEIVABLES

	As at 30 September 2021 (Unaudited) HK\$'000	As at 31 March 2021 (Audited) HK\$'000
Billed receivables	177,145	146,909
Unbilled receivables	14,250	48,866
	191,395	195,775
Less: Allowance for impairment	(16,973)	(16,203)
	<u>174,422</u>	<u>179,572</u>

The Group's trading terms with its customers are mainly on credit. For the Media Content Distribution Business, the payment terms with each customer 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 content 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:

	As at 30 September 2021 (Unaudited) HK\$'000	As at 31 March 2021 (Audited) HK\$'000
Within 30 days	40,247	7,807
31 to 60 days	28,108	8,904
61 to 90 days	26,483	7,847
91 to 180 days	20,591	51,300
181 to 365 days	8,595	21,958
Over 365 days	53,121	49,093
	<u>177,145</u>	<u>146,909</u>

11. TRADE PAYABLES

	As at 30 September 2021 (Unaudited) HK\$'000	As at 31 March 2021 (Audited) HK\$'000
Billed	83,034	78,337
Unbilled	104,492	64,889
	<u>187,526</u>	<u>143,226</u>

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

	As at 30 September 2021 (Unaudited) HK\$'000	As at 31 March 2021 (Audited) HK\$'000
Within 30 days	5,055	44,015
31 to 90 days	13,031	2,106
Over 90 days	64,948	32,216
	<u>83,034</u>	<u>78,337</u>

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 exceeds 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 but not yet invoiced by licensors. These amounts are calculated based on the royalty rates as stipulated in the respective licensing contracts.

12. ISSUED CAPITAL

	As at 30 September 2021 (Unaudited) HK\$'000	As at 31 March 2021 (Audited) HK\$'000
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>

FINANCIAL REVIEW

Revenue

For the six months ended 30 September 2021, the Group's total revenue reached HK\$184.6 million, representing a period on period increase of HK\$35.7 million or 23.9%, due to increase in the revenue generated from both Media Content Distribution Business and Brand Licensing Business.

Media Content Distribution Business was the Group's major source of revenue, contributing 68.5% (six months ended 30 September 2020: 78.6%) of the Group's total revenue for the six months ended 30 September 2021. Revenue derived from Media Content Distribution Business increased by 8.1% to HK\$126.5 million during the Reporting Period. Such increase in revenue was primarily due to the strengthening of the content distribution network, resulting in more sales in Asia. During the Reporting Period, 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 81.9% to HK\$58.1 million during the Reporting Period. The increase was mainly due to the significant growth in revenue from brand licensing in Japanese anime.

Cost of Sales

The Group's cost of sales was primarily royalty payments to the media content licensors and brand licensors at the mutually agreed royalty rates. The Group's cost of sales increased by HK\$14.7 million or 19.2% to HK\$91.1 million for the six months ended 30 September 2021. The increase was in line with the increase in revenue.

Gross Profit and Gross Profit Margin

The Group's gross profit for the six months ended 30 September 2021 amounted to HK\$93.5 million, representing an increase of HK\$21.0 million or 29.0% as compared to the same period in 2020, mainly due to the increase in revenue. Meanwhile, the Group's gross profit margin increased by 2.0 percentage points to 50.7%.

Other Income and Gains, net

The Group's other income and gains, net decreased by HK\$4.6 million or 91.0% to HK\$0.5 million for the six months ended 30 September 2021. The decrease was mainly due to (i) no government subsidies under the Anti-epidemic Fund in Hong Kong in the period (six months ended 30 September 2020: HK\$1.7 million), and (ii) no foreign exchange gain in the period (six months ended 30 September 2020: appreciation of TWD and RMB against HK\$).

Selling and Distribution Expenses

The Group's selling and distribution expenses for the Reporting Period amounted to HK\$26.7 million, representing an increase of HK\$10.2 million or 62.2% when compared to the same period of last year. Such increase was mainly due to an increase in promotion expenses and staff costs.

General and Administrative Expenses

The Group's general and administrative expenses for the six months ended 30 September 2021 amounted to HK\$22.0 million, representing a modest increase of HK\$0.2 million or 1.0% when compared to the same period of last year.

Other Expenses

The Group's other expenses, net for the six months ended 30 September 2021 amounted to HK\$11.4 million, representing an increase of HK\$2.4 million when compared to the same period of last year. The increase was primarily due to the increased amounts of write-down of certain licensed rights to net realisable value and impairment of trade receivables recognised during the Reporting Period.

Income Tax Expenses

The Group's income tax expense increased by approximately HK\$0.5 million or 10.4% primarily due to the increase in assessable profits in the period.

Profit for the Period

As a result of the foregoing, the Group's profit for the Reporting Period increased by HK\$3.1 million or 12.0% to HK\$28.6 million. Net profit margin decreased from 17.2% to 15.5%.

LIQUIDITY, FINANCIAL RESOURCES AND GEARING RATIO

As at 30 September 2021, the Group's cash and bank balances were HK\$233.7 million (as at 31 March 2021: HK\$246.1 million), most of which were denominated in US dollars and HK dollars. As at 30 September 2021, the Group's net current assets were HK\$425.8 million (as at 31 March 2021: HK\$421.8 million), while the current ratio of the Group was 2.3 times (as at 31 March 2021: 2.7 times). The decrease in current ratio is mainly due to cash used in investments and operations which also included the increase in lease liabilities, accruals and other payables and dividend payables.

As at 31 March and 30 September 2021, the Group did not have any interest-bearing bank and other borrowings. Thus, neither the gearing ratio nor the debt to equity ratio was applicable to the Group.

The Group's operations are 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, the Group is able to expand in accordance with its business strategy.

The Group did not have any significant contingent liabilities as at 31 March and 30 September 2021.

There was no material impact to the Group arising from the fluctuation in the exchange rates of the currencies in US dollars and Renminbi for the six months ended 30 September 2020 and 2021.

CAPITAL STRUCTURE

The shares of the Company have been listed on the Stock Exchange since 21 May 2019 (the “**Listing Date**”). There has been no change in the capital structure of the Company since then and share capital of the Company only comprises ordinary shares. As at the date of this announcement, the Company has 1,992,000,000 ordinary shares in issue.

MATERIAL ACQUISITIONS AND DISPOSALS OF SUBSIDIARY

There was no acquisitions or disposals of subsidiary during the six months ended 30 September 2021.

PLEDGE OF ASSETS

As at 30 September 2021, none of the assets of the Group were pledged (as at 31 March 2021: Nil).

EMPLOYEES

As at 30 September 2021, our Group had an aggregate of 120 employees (as at 31 March 2021: 113 employees) in Hong Kong, Mainland China, Taiwan, Singapore, Malaysia and Indonesia.

REMUNERATION POLICY

The remuneration policy of our Company is reviewed regularly, making reference primarily to the market conditions and performance of our Company and individual staff (including the Directors). Remuneration package includes, as the case may be, basic salary, Directors’ remuneration, contribution to pension schemes, discretionary bonus relating to financial performance of our Group and individual performance. The remuneration policy and remuneration packages of the Directors and senior management are reviewed by the Remuneration Committee and the Board, having regard to these individuals’ experience, duties and responsibilities, performance and achievements.

CAPITAL COMMITMENTS

As at 30 September 2021, our Group did not have any significant capital commitment (as at 31 March 2021: Nil).

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 the Listing Date to 30 September 2021, the Net Proceeds had been applied as follows:

Intended use of Net Proceeds as stated in the Prospectus	Planned use of proceeds ^(Note) HK\$'000	Actual use proceeds up to 30 September 2021 HK\$'000	Unutilised amount as at 30 September 2021 HK\$'000
Strengthen media content portfolio	101,781	(46,299)	55,482
Expand our Brand Licensing Business	32,572	(12,394)	20,178
Relocate and renovate Hong Kong office and upgrade information technology equipment	12,857	(2,440)	10,417
Use for co-investment in the production of media content	17,694	(10,725)	6,969
Expand media content team, brand licensing team and expand workforce and enhance back office support	8,691	(2,583)	6,108
Use for our general working capital	12,283	(12,283)	—
	<u>185,878</u>	<u>(86,724)</u>	<u>99,154</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 30 September 2021 is expected to be utilised in the years ending 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 the unutilised Net Proceeds 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.

INTERIM DIVIDEND

The Board has declared an interim dividend of HK 0.50 cent per share for the six months ended 30 September 2021 payable to the shareholders of the Company (the “**Shareholders**”) whose names appear on the register of members of the Company on Wednesday, 22 December 2021. The interim dividend is expected to be paid to the Shareholders on Thursday, 13 January 2022.

CLOSURE OF REGISTER OF MEMBERS

For determining the entitlement to the interim dividend for the six months ended 30 September 2021, the register of members of the Company will be closed from Monday, 20 December 2021 to Wednesday, 22 December 2021, both days inclusive, during which period no transfer of shares of the Company will be registered. In order to qualify for the interim dividend for the six months ended 30 September 2021, all completed transfer forms, duly accompanied by the relevant share certificates, must be lodged with our Company’s branch share registrar and transfer office in Hong Kong, Tricor Investor Services Limited, at Level 54, Hopewell Centre, 183 Queen’s Road East, Hong Kong, for registration not later than 4:30 p.m. on Friday, 17 December 2021.

COMPLIANCE WITH THE RELEVANT LAWS AND REGULATIONS

As far as the Board is aware, the Group has complied in material aspects with the relevant laws and regulations that have a significant impact on the business and operations of the Group.

PUBLIC FLOAT

Based on the information that is publicly available to the Company and to the best knowledge of the Directors, as at the date of this announcement, the Company maintained a sufficient public float of the issued Shares (i.e. at least 25% of the issued Shares in the public hands) as required under the Listing Rules.

CORPORATE GOVERNANCE PRACTICES

Our Company has adopted the code provisions as set out in Corporate Governance Code and Corporate Governance Report contained Appendix 14 to the Listing Rules (the “**CG Code**”) as its own code of corporate governance. For the six months ended 30 September 2021 and up to the date of this announcement, our 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 has been the key leadership figure of our 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 the best candidate for both positions and that the present arrangements are beneficial for and in the interests of our Company and the Shareholders as a whole.

PURCHASE, SALE OR REDEMPTION OF LISTED SHARES

During the Reporting Period, 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 of the Company purchased a total 4,735,000 shares of the Company on the market for the purpose of the share award scheme and the grant of the award shares.

MODEL CODE FOR SECURITIES TRANSACTIONS BY DIRECTORS

Our 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 of all the Directors and the Directors have confirmed that they have complied with the Model Code for the six months ended 30 September 2021 and up to the date of this announcement.

Our 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.

SIGNIFICANT EVENTS AFTER THE REPORTING PERIOD

To the best knowledge of the Board, there are no significant events after the Reporting Period that will have a material impact on the operation and financial position of the Group.

REVIEW OF INTERIM RESULTS

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 unaudited consolidated interim results of the Group for the six months ended 30 September 2021.

The Company's auditor, Ernst & Young, has reviewed the unaudited consolidated interim results of the Group for the six months ended 30 September 2021 in accordance with Hong Kong Standard on Review Engagement 2410 "Review of Interim Financial Information Performed by the Independent Auditor of the Entity" issued by the Hong Kong Institute of Certified Public Accountants.

PUBLICATION OF INTERIM RESULTS AND INTERIM REPORT

This interim results announcement is published on the websites of the Stock Exchange (www.hkexnews.hk) and the Company (www.medialink.com.hk). The interim report of the Company for the six months ended 30 September 2021 will be dispatched to Shareholders and published on the websites of the Stock Exchange and the Company in due course.

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

Hong Kong, 30 November 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 Ms. Leung Chan Che Ming Miranda, Mr. Fung Ying Wai Wilson, MH 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.