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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)

CHANGE IN USE OF PROCEEDS

References are made to (i) the prospectus of Medialink Group Limited (the “**Company**”, together with its subsidiaries, the “**Group**”) dated 30 April 2019 (the “**Prospectus**”); (ii) the allotment results announcement of the Company dated 20 May 2019; (iii) the annual report of the Company for the year ended 31 March 2019; (iv) the interim report of the Company for the six months ended 30 September 2019; (v) the annual report of the Company for the year ended 31 March 2020; (vi) the interim report of the Company for the six months ended 30 September 2020; (vii) the annual report of the Company for the year ended 31 March 2021; and (viii) the interim report of the Company for the six months ended 30 September 2021 (the “**2022 Interim Report**”) in which the utilisation of the net proceeds received by the Company after deducting the underwriting commissions and fees and other listing related expenses from the Listing (the “**Net Proceeds**”) up to 30 September 2021 was disclosed. Unless otherwise defined, capitalised terms used in this announcement shall have the same meanings as those defined in the Prospectus and the 2022 Interim Report.

Utilised Net Proceeds and Unutilised Net Proceeds

After deduction of the underwriting fees and commissions and expenses payable by the Company in connection with the Listing, the Net Proceeds from issuance of the shares of the Company in connection with the Listing were HK\$185.9 million.

As disclosed in the sections headed “Future plans and use of proceeds” in the Prospectus and “Other Information — Use of proceeds from listing” in the 2022 Interim Report, the Net Proceeds were originally intended to be applied by the Group for the following purposes:

- (i) approximately 54.8%, or HK\$101.8 million for strengthening media contents portfolio;
- (ii) approximately 17.5%, or HK\$32.6 million for expansion of brand licensing business;

- (iii) approximately 9.5%, or HK\$17.7 million for co-investment in the production of media contents;
- (iv) approximately 6.9%, or HK\$12.9 million for relocation and renovation of Hong Kong office and upgrade of information technology equipment;
- (v) approximately 4.7%, or HK\$8.6 million for expanding media content team, and brand licensing team and enhancing back-office support; and
- (vi) approximately 6.6%, or HK\$12.3 million for general working capital.

As at the date of this announcement, the Group has utilised approximately HK\$92.9 million of the Net Proceeds, representing approximately 50.0% of the Net Proceeds and the unutilised Net Proceeds amounted to approximately HK\$93.0 million (the “**Unutilised Net Proceeds**”).

Reasons for and Benefits of the Proposed Change in the Unutilised Net Proceeds

The Board proposes to change the use of the Unutilised Net Proceeds for the reasons set out below:

The continuing US-China trade tension and the prolonged COVID-19 pandemic have brought negative impacts to economies around the globe. The aviation, film, and retail sectors have been particularly affected. The Group was being more cautious with its acquisition strategy in light of the global economic uncertainty and has therefore reduced purchases relating to these sectors that had been hit hard by the COVID-19 pandemic. The Group also intends to place less focus on events or activities such as cooperating with different entities including shopping malls, event venues and event organisers for pop up stores due to the uncertainty over the severity and duration of the social distancing measures from time to time. Taking into account the business risk and economic impact of COVID-19 in Asia, the Group plans to scale down the amount to be used for licensing rights for Chinese/Asian drama series and a live-action feature film within greater Asia Pacific region as originally planned. The Group also intends not to expand the workforce as originally disclosed in the Prospectus in this difficult and uncertain economics time. In addition, the Group scaled down the fund required for relocation of the Hong Kong office and implemented cost saving measures for office relocation expenses.

For the reasons set out above, and in order to better utilize the Unutilised Net Proceeds, the Board proposes to change the use of the Unutilised Net Proceeds by applying an increased proportion of the Unutilised Net Proceeds to strengthen its core business and enrich the animated content portfolio in the Media Content Business. This is mainly because the Group expects that increasing capital is needed to acquire top quality animated contents these days as the purchase cost has gone up. The Group also intends to acquire equity interests in a

potential target company to strengthen the development of Brand Licensing Business of the Group in the FY2022/23. If the Company identifies any suitable acquisition target in the future, the Company will make announcement in accordance with the Listing Rules as and when required.

As a result, the Board proposes that approximately HK\$88.6 million out of the remaining Net Proceeds initially used for obtaining (i) inflight entertainment rights for live-action feature films, (ii) licensing rights for Chinese/Asian drama series and a live-action feature film within greater Asia Pacific region; (iii) marketing, brand acquisition and event related expenses such as cooperating with different entities including shopping malls, event venues and event organisers for pop up stores etc., (iv) relocation of office, and (v) hiring new staff, shall be reallocated to: (1) acquiring top quality animated contents (approximately HK\$78.3 million); (2) acquiring distribution and related licensing rights of a top 2D animation series (approximately HK\$5.9 million); and (3) acquisition of a potential target company to strengthen the development of Brand Licensing Business of the Group (approximately HK\$4.4 million).

Proposed change in the Unutilised Net Proceeds

The Board anticipates to change the use of Unutilised Net Proceeds as follows:

Intended use of Net Proceeds as stated in the Prospectus	Approximate % of total Net Proceeds	Planned use of actual Net Proceeds	Utilised Net Proceeds as at the date of this announcement	Unutilised Net Proceeds as at the date of this announcement	Revised allocation of the unutilised Net Proceeds
	%	HK\$' million	HK\$' million	HK\$' million	HK\$' million
Strengthen media content portfolio	54.8%	101.8	(48.2)	53.6	78.3
Expand our Brand Licensing Business	17.5%	32.6	(12.4)	20.2	5.9
Use for co-investment in the production of media content	9.5%	17.7	(10.7)	7.0	—
Acquisition of a potential target company to strengthen the development of Brand Licensing Business	—	—	—	—	4.4
Relocation and renovation of Hong Kong office and upgrade information technology equipment	6.9%	12.9	(4.8)	8.1	3.8
Use for our general working capital	6.6%	12.3	(12.3)	—	—
Expand media content team, brand licensing team, and expand workforce and enhance back-office support	4.7%	8.6	(4.5)	4.1	0.6
	<u>100%</u>	<u>185.9</u>	<u>(92.9)</u>	<u>93.0</u>	<u>93.0</u>

The Unutilised Net Proceeds is expected to be fully utilised within 18 months from the date of this announcement. Such expected timeline is based on the best estimation and assumption of the future market conditions made by the Group which may be subject to changes in the market environment from time to time.

Save for the aforesaid proposed changes, there is no other change in use of Net Proceeds.

The Board is of the view that the proposed change in use of the Unutilised Net Proceeds will enable the Group to effectively meet the financial needs of the Group and enhance the flexibility in financial management of the Company, and is in line with the current business needs of the Group, and therefore, is in the best interests of the Company and its shareholders as a whole.

The Board also confirms that there is no material change in the principal business of the Group as set out in the Prospectus and is of the view that the above proposed change is in line with the business strategy of the Group and will not adversely affect its operation and business.

The Board will continuously assess the plans for use of the Net Proceeds, and may revise or amend such plans where necessary to respond to the changing market conditions and strive for better business performance of the Group.

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

Hong Kong, 25 July 2022

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

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