# 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 2019

**FINANCIAL HIGHLIGHTS**

| | Year ended 31 March/as at 31 March | | |
|---|---|---|---|
| **Financial overview** | **2019** | 2018 | **Change** |
| | ***HK$'000*** | *HK$'000* | |
| Revenue | **475,522** | 313,876 | + 51.5% |
| Gross profit | **228,192** | 156,966 | + 45.4% |
| Profit attributable to owner of the parent | **105,579** | 93,899 | + 12.4% |
| Adjusted profit attributable to owner of the parent(1) | **125,245** | 93,899 | + 33.4% |
| Proposed dividend per share(2) | **HK 1.3 cents** | | |
| **Profitability ratio** | | | |
| Adjusted earnings per share(3) | **HK 6.3 cents** | HK 4.7 cents | |
| **Liquidity ratio** | | | |
| Current ratio(4) | **2.0** | 1.8 | |
| **Capital adequacy ratio** | | | |
| Debt to equity ratio(5) | **N/A** | N/A | |

*(1) Adjusted profit attributable to owner of the parent is a non-HKFRS financial measurement which, in the opinion of the Directors, eliminates the effect of non-recurring Listing-related expenses of HK$19.7 million that affect the reported profit attributable to owner of the parent.*

*(2) Proposed 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 this announcement on 27 June 2019.*

*(3) Adjusted earnings per share was calculated by dividing adjusted profit attributable to owner of the parent by the Company's ordinary shares of 1,992,000,000 in issue, upon successful listing of the Company's shares on The Stock Exchange of Hong Kong Limited on 21 May 2019, as if the respective shares were outstanding throughout the periods presented.*

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

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

## ANNUAL RESULTS

The board of directors (the "**Board**") of Medialink Group Limited (the "**Company**") announces the consolidated annual results of the Company and its subsidiaries (collectively, the "**Group**") for the year ended 31 March 2019 together with the comparative figures for the year ended 31 March 2018.

## CONSOLIDATED STATEMENT OF PROFIT OR LOSS

*For the year ended 31 March 2019*

| | Notes | 2019 HK$'000 | 2018 HK$'000 |
|---|---|---|---|
| **REVENUE** | 4 | **475,522** | 313,876 |
| Cost of sales | | **(247,330)** | (156,910) |
| Gross profit | | **228,192** | 156,966 |
| Other income and gains, net | 4 | **5,496** | 17,541 |
| Selling and distribution expenses | | **(47,956)** | (43,959) |
| General and administrative expenses | | **(62,575)** | (24,869) |
| Other expenses, net | | **(4,898)** | 133 |
| **PROFIT BEFORE TAX** | 5 | **118,259** | 105,812 |
| Income tax expense | 6 | **(12,676)** | (11,977) |
| **PROFIT FOR THE YEAR** | | **105,583** | 93,835 |
| Attributable to: | | | |
| Owner of the parent | | **105,579** | 93,899 |
| Non-controlling interests | | **4** | (64) |
| | | **105,583** | 93,835 |
| **EARNINGS PER SHARE ATTRIBUTABLE TO ORDINARY EQUITY HOLDER OF THE PARENT** | 8 | | |
| Basic | | **HK 7.1 cents** | HK 6.3 cents |
| Diluted | | **HK 7.1 cents** | HK 6.3 cents |

## CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

*For the year ended 31 March 2019*

| | 2019 HK$'000 | 2018 HK$'000 |
|---|---|---|
| **PROFIT FOR THE YEAR** | **105,583** | 93,835 |
| **OTHER COMPREHENSIVE INCOME/(LOSS)** | | |
| Other comprehensive income/(loss) to be reclassified to profit or loss in subsequent periods: | | |
| Exchange differences on translation of foreign operations | **234** | (1,373) |
| **TOTAL COMPREHENSIVE INCOME FOR THE YEAR** | **105,817** | 92,462 |
| Attributable to: | | |
| Owner of the parent | **105,813** | 92,526 |
| Non-controlling interests | **4** | (64) |
| | **105,817** | 92,462 |

## CONSOLIDATED STATEMENT OF FINANCIAL POSITION

*As at 31 March 2019*

| | Notes | **2019** | 2018 |
|---|---|---|---|
| | | ***HK$'000*** | *HK$'000* |
| **NON-CURRENT ASSETS** | | | |
| Property, plant and equipment | | **7,396** | 8,388 |
| Goodwill | | **29,709** | — |
| Intangible assets | | **11,549** | 10,241 |
| Deposits | | **129** | 350 |
| Total non-current assets | | **48,783** | 18,979 |
| **CURRENT ASSETS** | | | |
| Licensed assets | | **142,823** | 107,824 |
| Trade receivables | 9 | **111,045** | 121,298 |
| Prepayments, deposits and other receivables | | **9,975** | 2,735 |
| Due from related parties | | **—** | 5,280 |
| Tax recoverable | | **6,746** | 870 |
| Cash and cash equivalents | | **163,754** | 169,067 |
| Total current assets | | **434,343** | 407,074 |
| **CURRENT LIABILITIES** | | | |
| Trade payables | 10 | **125,579** | 79,749 |
| Accruals and other payables | | **57,048** | 33,309 |
| Contract liabilities | | **30,073** | 25,865 |
| Due to a shareholder | | **—** | 34,477 |
| Dividend payables | | **—** | 53,250 |
| Tax payable | | **708** | 1,699 |
| Total current liabilities | | **213,408** | 228,349 |
| **NET CURRENT ASSETS** | | **220,935** | 178,725 |
| **TOTAL ASSETS LESS CURRENT LIABILITIES** | | **269,718** | 197,704 |
| **NON-CURRENT LIABILITIES** | | | |
| Deferred tax liabilities | | **951** | — |
| Net assets | | **268,767** | 197,704 |
| **EQUITY** | | | |
| **Equity attributable to owner of the parent** | | | |
| Issued capital | 11 | **—** | — |
| Reserves | | **268,767** | 197,793 |
| | | **268,767** | 197,793 |
| Non-controlling interests | | **—** | (89) |
| Total equity | | **268,767** | 197,704 |

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

## 1. CORPORATE AND GROUP INFORMATION

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

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

- media content distribution and investment in media content production ("**Media Content Distribution Business**")
- brand licensing ("**Brand Licensing Business**")

## 2.1 REORGANISATION AND BASIS OF PRESENTATION

Pursuant to the reorganisation of the Company in connection to the Listing (the "**Reorganisation**"), the Company became the holding company of the companies now comprising the Group on 26 November 2018. The companies now comprising the Group were under the common control of Ms. Chiu Siu Yin Lovinia (the "**Controlling Shareholder**") before and after the Reorganisation. In addition, the Controlling Shareholder obtained control over Medialink Animation International Limited ("**MAIL**") on 27 August 2018 after acquiring the remaining 50% equity interest in MAIL for a cash consideration of HK$20,000,000 and this transaction was accounted as a business combination by applying the acquisition method of accounting.

Accordingly, the financial statements have been prepared by applying the principles of merger accounting as if the Reorganisation had been completed at the beginning of the earliest period presented. Details of the Reorganisation are set out in the paragraphs headed "Reorganisation" in the section headed "History, Reorganisation and Corporate Structure" in the prospectus of the Company dated 30 April 2019 (the "**Prospectus**").

The consolidated statement of profit or loss, statement of comprehensive income, statement of changes in equity and statement of cash flows of the Group for the year ended 31 March 2019 include the results and cash flows of all companies now comprising the Group from the earliest date presented or since the date when the subsidiaries first came under the common control of the Controlling Shareholder, where this is a shorter period. The consolidated statement of financial position of the Group as at 31 March 2019 has been prepared to present the assets and liabilities of the subsidiaries using the existing book values from the Controlling Shareholder's perspective. No adjustments are made to reflect fair values, or recognise any new assets or liabilities as a result of the Reorganisation.

Equity interests in subsidiaries held by parties other than the Controlling Shareholder, and changes therein, prior to the Reorganisation are presented as non-controlling interests in equity in applying the principles of merger accounting.

All intra-group transactions and balances have been eliminated on combination.

## 2.2 BASIS OF PREPARATION

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

The financial statements have been prepared under the historical cost convention. They are presented in Hong Kong dollars ("**HK$**") and all values are rounded to the nearest thousand (HK$'000) except when otherwise indicated.

## 2.3 CHANGES IN ACCOUNTING POLICIES AND DISCLOSURES

New and revised HKFRSs effective for the accounting period commencing from 1 April 2018, together with the relevant transitional provisions had been adopted by the Group to the earliest period presented, except for HKFRS 9 *Financial Instruments* ("**HKFRS 9**") which is adopted by the Group from 1 April 2018 as the standard does not allow the use of hindsight if it is adopted retrospectively.

HKFRS 9 replaces HKAS 39 *Financial Instruments: Recognition and Measurement* for annual periods beginning on or after 1 January 2018, bringing together all three aspects of the accounting for financial instruments: classification and measurement, impairment and hedge accounting. The Group has recognised the transition adjustments against the applicable opening balances in equity at 1 April 2018. Therefore, the comparative information was not restated and continues to be reported under HKAS 39. The adoption of HKFRS 9 has had no significant impact on the classification and measurement of the Group's financial instruments. The impacts arising from the adoption of HKFRS 9 relate to the impairment requirements.

HKFRS 9 requires an impairment on debt instruments that are not accounted for at fair value through profit or loss under HKFRS 9, to be recorded based on an expected credit loss ("**ECL**") model either on a twelve-month basis or a lifetime basis. The Group has applied the simplified approach and recorded lifetime expected credit losses of trade receivables both on a specific and collective basis according to management's assessment of the recoverability of an individual receivable. Differences arising from the adoption of HKFRS 9 have been recognised directly in retained profits as of 1 April 2018 and the affected financial statement items are disclosed below:

| **Consolidated statement of financial position** | **Closing balance at 31 March 2018 (under HKAS 39)** | **Restatement adjustment on adoption of HKFRS 9** | **Opening balance at 1 April 2018 (under HKFRS 9)** |
|---|---|---|---|
| **Assets** | | | |
| Trade receivables | 121,298 | (2,254) | 119,044 |
| **Equity** | | | |
| Reserves | 197,793 | (2,254) | 195,539 |

## 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 feature films and other video content, which are licensed from third party media content licensors, to customers; 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 and other corporate and unallocated expenses are excluded from such measurement.

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

Segment liabilities exclude amount due to a shareholder, dividend payables, tax payable, corporate and other unallocated liabilities as these liabilities are managed on a group basis.

**Year ended 31 March 2019**

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

**Year ended 31 March 2018**

| | Media content distribution *HK$'000* | Brand licensing *HK$'000* | Total *HK$'000* |
|---|---|---|---|
| **Segment revenue:** | | | |
| Sales to external customers | 291,122 | 22,754 | 313,876 |
| **Segment results** | 89,326 | 1,723 | 91,049 |
| *Reconciliation:* | | | |
| Interest income and unallocated gains | | | 16,311 |
| Depreciation | | | (1,172) |
| Other corporate and unallocated expenses | | | (376) |
| Profit before tax | | | 105,812 |
| **Segment assets** | 231,605 | 10,029 | 241,634 |
| *Reconciliation:* | | | |
| Corporate and other unallocated assets | | | 184,419 |
| Total assets | | | 426,053 |
| **Segment liabilities** | 124,154 | 14,705 | 138,859 |
| *Reconciliation:* | | | |
| Corporate and other unallocated liabilities | | | 89,490 |
| Total liabilities | | | 228,349 |

## 4. REVENUE, OTHER INCOME AND GAINS, NET

An analysis of the Group's revenue from contracts with customers is as follows:

| | **2019** | 2018 |
|---|---|---|
| | ***HK$'000*** | *HK$'000* |
| **Major product or service lines** | | |
| *Media Content Distribution Business* | | |
| Distribution of licensed media content | **421,435** | 286,862 |
| Theatrical release income | **3,123** | 4,260 |
| | **424,558** | 291,122 |
| *Brand Licensing Business* | | |
| Sub-licensing of brands | **32,304** | 13,538 |
| Provision of licensing agency services | **17,673** | 9,006 |
| Sales of merchandise | **987** | 210 |
| | **50,964** | 22,754 |
| Total revenue from contracts with customers | **475,522** | 313,876 |

| | 2019 | 2018 |
|---|---|---|
| | *HK$'000* | *HK$'000* |
| **Geographical locations** | | |
| *Media Content Distribution Business* | | |
| Mainland China | **347,824** | 240,679 |
| Hong Kong | **15,749** | 19,720 |
| United States | **28,204** | 10,175 |
| Taiwan | **3,785** | 4,614 |
| Thailand | **7,793** | 5,861 |
| Others | **21,203** | 10,073 |
| | **424,558** | 291,122 |
| *Brand Licensing Business* | | |
| Mainland China | **14,336** | 3,420 |
| Hong Kong | **10,285** | 2,100 |
| United States | **10,713** | 5,708 |
| Taiwan | **3,726** | 5,854 |
| Thailand | **2,458** | 43 |
| Others | **9,446** | 5,629 |
| | **50,964** | 22,754 |
| Total revenue from contracts with customers | **475,522** | 313,876 |

An analysis of other income and gains, net is as follows:

| | 2019 | 2018 |
|---|---|---|
| | *HK$'000* | *HK$'000* |
| ***Other income and gains, net*** | | |
| Bank interest income | **355** | 192 |
| Management fee income from a related party | **4,286** | 12,690 |
| Commission income from a related party | **96** | 1,230 |
| Foreign exchange differences, net | **—** | 3,347 |
| Others | **759** | 82 |
| | **5,496** | 17,541 |

## 5. PROFIT BEFORE TAX

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

| | **2019** | 2018 |
|---|---|---|
| | ***HK$'000*** | *HK$'000* |
| Listing expenses | **19,666** | — |
| Depreciation | **1,304** | 1,172 |
| Amortisation of intangible assets | **13,262** | 1,521 |
| Impairment of intangible assets* | **—** | 857 |
| Impairment of trade receivables* | **2,366** | 78 |
| Reversal of impairment of trade receivables* | **(1,671)** | (19) |
| Write-off of trade receivables* | **2** | — |
| Write-off of items of property, plant and equipment* | **—** | 3 |
| Write-off of/(reversal of write-down) of licensed rights to net realisable value, net* | **3,908** | (1,053) |

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

## 6. INCOME TAX

Hong Kong profits tax has been provided at the rate of 16.5% (2018: 16.5%) on the estimated assessable profits arising in Hong Kong during the year. For the year ended 31 March 2019, the first HK$2,000,000 of profits earned by one of the group companies will be taxed at a rate of 8.25% whilst the remaining profits will continue to be 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.

| | **2019** | 2018 |
|---|---|---|
| | ***HK$'000*** | *HK$'000* |
| Current — Hong Kong | | |
| Charge for the year | **12,229** | 11,972 |
| Current — Elsewhere | | |
| Charge for the year | **822** | 5 |
| Deferred | **(375)** | — |
| Total tax charge for the year | **12,676** | 11,977 |

## 7. DIVIDENDS

The dividends declared by the subsidiaries of the Company to the Controlling Shareholder prior to the Listing are as follows:

| | **2019** | 2018 |
|---|---|---|
| | ***HK$'000*** | *HK$'000* |
| Interim dividend recognised as distribution during the year | **72,500** | 50,000 |

The dividends declared by the Company after the Listing is as follows:

| | **2019** | 2018 |
|---|---|---|
| | ***HK$'000*** | *HK$'000* |
| Dividend proposed after the end of the reporting period: | | |
| Proposed final dividend | | |
| — HK 1.3 cents (2018: Nil) per ordinary share | **25,896** | — |

The proposed final dividend for the year ended 31 March 2019 is subject to the approval of the Company's shareholders (the "**Shareholders**") at the forthcoming annual general meeting.

## 8. EARNINGS PER SHARE ATTRIBUTABLE TO ORDINARY EQUITY HOLDER OF THE PARENT

The calculation of basic earnings per share for the year ended 31 March 2019 is based on the profit attributable to owner of the Company of HK$105.6 million (2018: HK$93.9 million), and the weighted average number of the Company's ordinary shares of 1,494,000,000 (2018: 1,494,000,000) in issue and issuable, comprising one share outstanding on 31 March 2019 and capitalisation issue of 1,493,999,999 shares on 21 May 2019 as further detailed in note 11(c) below, as if the respective shares were outstanding throughout the periods presented.

No adjustment has been made to the basic earnings per share presented for years ended 31 March 2019 and 2018 as the Group has no potentially diluted ordinary shares in issue during those periods.

## 9. TRADE RECEIVABLES

| | 2019 | 2018 |
|---|---|---|
| | ***HK$'000*** | *HK$'000* |
| Trade receivables | | |
| Billed receivables | **109,180** | 120,294 |
| Unbilled receivables | **13,181** | 9,445 |
| | **122,361** | 129,739 |
| Less: Impairment | **(11,316)** | (8,441) |
| | **111,045** | 121,298 |

The Group's trading terms with its customers are mainly on credit. For the Media Content Distribution Business, the payment terms with customers are generally of two to four payments with the first payment usually due upon the submission of the letter of authorisation relating to the media 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:

| | 2019 | 2018 |
|---|---|---|
| | ***HK$'000*** | *HK$'000* |
| Within 30 days | **4,181** | 10,831 |
| 31 to 60 days | **3,360** | 68,445 |
| 61 to 90 days | **19,864** | 810 |
| 91 to 180 days | **25,599** | 14,918 |
| 181 to 360 days | **37,238** | 9,190 |
| Over 360 days | **18,938** | 16,100 |
| | **109,180** | 120,294 |

## 10. TRADE PAYABLES

| | **2019** | 2018 |
|---|---|---|
| | ***HK$'000*** | *HK$'000* |
| Trade payables | | |
| Unbilled | **88,730** | 50,961 |
| Billed | **36,849** | 28,788 |
| | **125,579** | 79,749 |

An ageing analysis of the billed trade payables as at the end of each reporting period, based on the invoice date, is as follows:

| | **2019** | 2018 |
|---|---|---|
| | ***HK$'000*** | *HK$'000* |
| Within 1 month | **10,073** | 14,506 |
| 1 to 3 months | **5,292** | 7,935 |
| More than 3 months | **21,484** | 6,347 |
| | **36,849** | 28,788 |

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

The unbilled trade payables relate to amounts that are unbilled payables to licensors which are calculated based on the royalty rates as stipulated in the respective licensing contracts.

## 11. ISSUED CAPITAL

| | **2019** | 2018 |
|---|---|---|
| | ***HK$'000*** | *HK$'000* |
| Authorised: | | |
| 38,000,000 ordinary shares of HK$0.01 each | **380** | — |
| Issued and fully paid: | | |
| 1 ordinary share of HK$0.01 | **—** | — |

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

| | *Notes* | **Number of shares** | **Share capital** |
|---|---|---|---|
| | | | *HK$'000* |
| Authorised: | | | |
| 38,000,000 ordinary shares of HK$0.01 each on 29 October 2018 (date of incorporation) and 31 March 2019 | (a) | 38,000,000 | 380 |
| Increase of 4,962,000,000 ordinary shares of HK$0.01 each on 12 April 2019 | (b) | 4,962,000,000 | 49,620 |
| At 21 May 2019 | | 5,000,000,000 | 50,000 |
| Issued and fully paid: | | | |
| Issuance of 1 ordinary share of HK$0.01 on 29 October 2018 (date of incorporation) and 31 March 2019 | (a) | 1 | — |
| Capitalisation issue of 1,493,999,999 ordinary shares of HK$0.01 each on 21 May 2019 | (c) | 1,493,999,999 | 14,940 |
| Issuance of 498,000,000 ordinary shares of HK$0.01 each on 21 May 2019 | (d) | 498,000,000 | 4,980 |
| At 21 May 2019 | | 1,992,000,000 | 19,920 |

*Notes:*

(a) On 29 October 2018, the Company was incorporated as an exempted company with limited liability in the Cayman Islands with an authorised share capital of HK$380,000 divided into 38,000,000 ordinary shares of HK$0.01 each. Upon incorporation, 1 ordinary share of HK$0.01 was issued and allotted by the Company at par to its then shareholder.

(b) Pursuant to the written resolutions of the sole shareholder of the Company passed on 12 April 2019, the authorised share capital of the Company increased from HK$380,000 divided into 38,000,000 shares of a par value of HK$0.01 each to HK$50,000,000 divided into 5,000,000,000 shares of a par value of HK$0.01 each, by the creation of an additional 4,962,000,000 shares with a par value of HK$0.01 each. The 4,962,000,000 new shares shall rank pari passu in all respects with the existing issued shares of the Company.

(c) Pursuant to the written resolutions of the sole shareholder of the Company passed on 12 April 2019 and the minutes of the committee of the Board on 17 May 2019, 1,493,999,999 ordinary shares of HK$0.01 each were allotted and issued, credited as fully paid at par, by way of capitalisation from the share premium account to the holders of shares whose names appeared on the register of members of the Company at the close of business on 20 May 2019. This allotment and capitalisation issue were conditional on the share premium account being credited as a result of the issue of new shares to the public in connection with the Company's initial public offering as detailed in note (d) below.

(d) In connection with the Company's initial public offering, 498,000,000 ordinary shares of par value of HK$0.01 each were issued at a price of HK$0.45 per share for a total cash consideration, before share issue expenses, of approximately HK$224,100,000. Dealing in the shares of the Company on the Stock Exchange commenced on 21 May 2019.

## 12. BUSINESS COMBINATION

On 27 August 2018, the Controlling Shareholder entered into a sale and purchase agreement with Ms. Chiu Siu Fung Noletta, an executive Director of the Company and a sister of the Controlling Shareholder, to acquire a 50% equity interest in MAIL for a cash consideration of HK$20,000,000 and the transaction was completed on the same date. The acquisition was made as part of the Group's strategy to expand the Group's brand licensing business. MAIL was jointly controlled by the Controlling Shareholder and Ms. Chiu Siu Fung Noletta before the completion of the transaction. Immediately after the acquisition, MAIL was controlled by the Controlling Shareholder and became part of the Group pursuant to the Reorganisation.

The fair values of the identifiable assets and liabilities of MAIL as at the date of acquisition were as follows:

| | Fair value recognised on acquisition *HK$'000* |
|---|---|
| Property, plant and equipment | 59 |
| Intangible assets | 8,037 |
| Licensed assets | 12,358 |
| Trade receivables | 37,269 |
| Prepayments, deposits and other receivables | 718 |
| Due from related parties | 5,456 |
| Tax recoverable | 18 |
| Cash and cash equivalents | 31,658 |
| Trade payables | (27,630) |
| Accruals and other payables | (3,798) |
| Contract liabilities | (38,793) |
| Due to related parties | (13,735) |
| Deferred tax liabilities | (1,326) |
| | 10,291 |
| Goodwill on acquisition | 29,709 |
| | 40,000 |
| Satisfied by: | |
| Cash paid by the Controlling Shareholder | 20,000 |
| Fair value of the 50% equity interest in MAIL contributed by the Controlling Shareholder | 20,000 |
| Deemed contribution from the Controlling Shareholder | 40,000 |

# CHAIRMAN'S STATEMENT

## To Our Shareholders

On behalf of the Board, I am pleased to present the annual results of our Group for the year ended 31 March 2019. This represents the first annual results of our Group to be reported since its listing on the Main Board of the Stock Exchange in May 2019, a milestone reached as a result of the support of our colleagues, business partners and investors.

We are a Hong Kong founded and headquartered company that engages in the distribution of media titles, including animation, drama, TV series and movies, as well as the licensing of popular brands and/or cartoon characters for the production of merchandise and event promotions. We are a first-of-its-kind company to list in Hong Kong, which, as part of our business, encourages creativity, cultural exchange and brings positivity and happiness to the community – something that everyone needs any time anywhere.

## Financial Results

Owing to strong demand for quality media content in the region, our Group generated revenue totaling HK$475.5 million, or a year-on-year increase of 51.5%, for the year ended 31 March 2019. Gross profit margin remained stable at around 48.0%. Profit attributable to shareholders increased by 12.4% year-on-year to HK$105.6 million. Excluding a one-time listing expense of approximately HK$19.7 million, profit from core operations would have risen by 33.4%, which reflects the strong business flow and potential of the Group's operation. The adjusted earnings per share were HK 6.3 cents.

## Dividends

Even though the satisfactory results for the 2018/19 financial year were technically achieved prior to our Listing, the management team nonetheless wishes to thank Shareholders for their support and confidence in our Group. Consequently, the Board has proposed a final dividend payment of HK 1.3 cents per share, which represents a distribution of approximately 24.5% of our Group's profit. Our long-term dividend policy is to share the fruits of our hard work with all Shareholders, while at the same time efficiently utilize our Group's resources to expand business and improve profitability, leading to value creation and sustainable growth.

**Business Review**

Our encouraging performance during the year can be attributed to the rising demand for good-quality entertainment in Greater China, Asia and the United States. Healthy growth was seen in both our Media Content Distribution Business and Brand Licensing Business, thanks to the outstanding effort of our team in selecting well-received media content and developing various innovative branding and marketing strategies.

Revenue from Media Content Distribution Business grew satisfactorily due to an increase in the number of active titles distributed. According to the latest market research, our Group ranked first among Japanese animation distributors in the People's Republic of China (the "**PRC**") based on revenue in 2017, accounting for approximately 14.1% of the market. Capitalising on our strong industry connections and distribution network, we have also in recent years commenced investing in media content production which is starting to bear fruit, with revenue contributions from this new segment, i.e. theatrical release income, gradually increasing. Although such contributions are still small at this time, we look forward to stronger results from this business segment in the coming years, as we believe that direct ownership of intellectual property ("**IP**") will enable the Group to generate even more sustainable revenue.

In respect of revenue from Brand Licensing Business, it too increased due to the securing of more active licensing brands/characters, as well as more diverse branding efforts and events organised during the year. The latter involved themed hotels and cafes, roadshows in shopping mall, brand anniversaries and other exciting events. The variety of merchandise produced that carry our brands/characters has also continued to increase; ranging from pre-school necessities to anniversary-edition merchandise that are adored by grownups who are young at heart. We strongly believe that the combination of our established network and long-term ties with key business partners will be crucial in driving growth in this segment, as well as the fact that the possibilities for collaboration are endless.

**Prospects**

The Listing in May was a major milestone of our Group. This achievement nonetheless deserves immediate recognition as it is the culmination of our team's dedication and tremendous effort, which includes highlighting the Group's exceptional business model – a model that is underpinned by an established platform which facilitates the crossover of media content distribution, media content development, brand licensing and merchandise commercialisation opportunities. Through our people, our network, our ties with business partners, we have established a business model that enables us to derive unlimited opportunities, hence is our core asset and fundamental to the Group's growth.

Going forward, we will continue to leverage this model to realise growth, both in terms of the breadth and depth of our operations. In respect of the former, we will seek to extend our reach in the PRC, our largest market, as well as the United States and Hong Kong, while at the same time explore new markets in Asia. Besides geographical expansion, we will also continue to expand our distribution channels such as inflight entertainment. As for strengthening the depth of operations, we will initiate more creative business strategies and crossover opportunities, as well as bring together business partners to develop innovative and lucrative business opportunities. Furthermore, greater effort and resources will be directed towards Media Content Production Business. In particular, we plan to direct our attention towards locally developed media content with the objective of serving as a facilitator for the Hong Kong market; we will seek to discover unique and creative media content with high potential, and enable such media content to receive the international exposure that they deserve.

As we enter the 5G era where technological advancement will expedite both exposure and access to top entertainment content, we are prepared to capture the vast opportunities presented. While seizing such opportunities, we will nevertheless adhere to our core values of encouraging development of the creative industry in Hong Kong; supporting locally developed media contents and characters; and bringing positivity and happiness to every community we serve.

**Appreciation**

I would like to take this opportunity to extend my heartfelt gratitude to my fellow directors and the Group's business partners, investors and stakeholders, and colleagues for their unwavering support. I trust that such support, combined with our sound business model and strong fundamentals, will lead to greater value creation, sustainable growth and satisfactory returns.

**Chiu Siu Yin Lovinia**
*Chairman and Executive Director*

## MANAGEMENT DISCUSSION AND ANALYSIS

## BUSINESS REVIEW AND OUTLOOK

### Business Review

On 21 May 2019, the Company's shares were listed on the Main Board of the Stock Exchange.

The Group is a leading distributor of third-party owned media content headquartered in Hong Kong with presence in the PRC, Singapore, Malaysia, Taiwan, Indonesia and Japan. Under the Media Content Distribution Business, the Group cooperates closely with the media content licensors through entering into content distribution arrangements with them and are capable of distributing media content relating to animation series, variety shows, drama series and animated and live-action feature films to the customers through entering into content sub-licensing arrangements with them. In particular, the Group has a well-established position in distributing Japanese animation. For the year ended 31 March 2019, revenue derived from Japanese animation distribution accounted for approximately 81.3% of total revenue. Many Japanese animated titles were released during the year ended 31 March 2019, such as Double Decker! Doug & Kirill, HaneBad!, Hi Score Girl, My Hero Academia Season 3 and Overlord 3. The media content we distributed was able to reach viewers in the PRC, Hong Kong, Macau, Taiwan, the Philippines, Singapore, Thailand, Malaysia, Indonesia, India, Brunei and other countries.

The Group also engages in the Brand Licensing Business, where it is involved in the licensing of various rights in relation to brands owned by brand licensors. The Brand Licensing Business had further expanded after MAIL, a company principally engaged in Brand Licensing Business, became its wholly owned subsidiary in August 2018 ("**MAIL Acquisition**"). The Group involved in licensing of (i) certain merchandising rights, for the use in toys, apparels and footwear, health and beauty products, food and beverage; (ii) location-based entertainment rights for events, theme parks, shopping malls, cafes and restaurants; and (iii) promotion rights in the Asia Pacific region. For the year ended 31 March 2019, the Group, through MAIL and its other subsidiaries, was involved in the licensing of brands of "Le Petit Prince", "Moomin", "Mr. Men Little Miss", "PAC-MAN", "Peppa Pig", "PJ Masks" and "ROBOCAR POLI".

### Our Group also involved in Co-investment in the production of Japanese animation series

For the year ended 31 March 2019, the Group recorded a net profit of approximately HK$105.6 million as compared to net profit of approximately HK$93.8 million for the corresponding year in 2018. Such growth was primarily resulted from the revenue generated from the increase of releases of animation series in Mainland China for the year ended 31 March 2019.

***Our existing content and brands with effective licence:***

The table below sets out the number of active titles of media content available for the Media Content Distribution Business:

| | **As at 31 March 2019** | As at 31 March 2018 |
|---|---|---|
| Number of active titles of media content available | **386** | 333 |

The table below sets out the number of brands available for the Brand Licensing Business:

| | **As at 31 March 2019** | As at 31 March 2018 |
|---|---|---|
| Number of brands available | **114** | 71 |

For the year ended 31 March 2019, the Group has obtained the distribution right of Double Decker! Doug & Kirill, HaneBad!, Hi Score Girl, Iroduku: The World in Colors, My Hero Academia Season 3, Overlord 3 and UzaMaid!. These Japanese animated titles are well accepted by our major clients in Asia.

*Ani-One*

The Group started our cooperation with TVB Group in July 2016 which it licensed to TVB Group video on demand (the "**VOD**") rights to use the licensed animation content in Hong Kong under the proprietary "Ani-One" brand on the over-the-top ("**OTT**") platform of "myTV SUPER", an online media platform operated by TVB Group. Since April 2018, the Group has extended its proprietary "Ani-One" brand by cooperating with SMG Entertainment Sdn Bhd (a subsidiary of the Star Media Group Berhad (MYX:6084)) which operates a VOD service currently known as "dimsum" to provide the licensed animation content in Malaysia and Brunei. For the year ended 31 March 2019, the Group believes the centralised management approach and unified business model have enabled it to replicate the success of the "Ani-One" brand in Malaysia and Brunei cost-effectively and efficiently. Leveraging the broad collection of media content, the Group believes that the proprietary "Ani-One" brand has good potential in helping us expand its market shares in the Asia Pacific region. In view of such potential, the Group intends to adopt a uniform "Ani-One" brand and similar business strategies and collaborate with other media platforms such as online entertainment platforms and TV channels in the Asia Pacific region to further expand our VOD services.

**Business Outlook and Future Plans**

The Group has strong relationship with its media content licensors which ensure stability of the supply chain. The Group's media content licensors included some renowned media companies such as Aniplex Inc., Avex Pictures Inc., Kadokawa Group, Kodansha Ltd., Shochiku Co. Ltd., Sunrise Inc. and TOHO Co., Ltd.. The stable supply of content titles ensures the Group to maintain a broad portfolio of content and enables it to continue to be a "one-stop" distribution platform for its customers.

The Mainland China market contributes approximately 76.2% of the Group's revenue for the year ended 31 March 2019. According to Frost and Sullivan Report, the total revenue of the distribution market of Japanese animation content in the Mainland China is expected to grow from HK$1.6 billion in 2017 to HK$3.3 billion in 2022 at a compound annual growth rate of 15.3%. Although the Mainland China market remained strong for the year ended 31 March 2019, any imposition of additional or more stringent laws or regulations on the distribution of media content by the Mainland China government or governments of other regions may result in an adverse effect on its results of operations. In order to cope with this scenario, the Group will adopt the following strategies for sustainable growth in the future:

1. Riding on the proven track record and good reputation, the Group plans to strengthen its position as an established media content distributor, and enrich and expand the media content that it offers to the customers. The Group will leverage its in-depth understanding of the industry, viewer preferences and market trends to select media content that it expects to be popular among its customers and viewers. In anticipation of the continuous increase in demand for media content, the Group plans to increase its Japanese animation offerings by obtaining more titles and also further diversify its media content offerings by obtaining media content from media content licensors based in the Mainland China, Korea and other Asian countries to include more Chinese and Asian live-action drama series and feature films.

2. The Group also plans to expand into the distribution of inflight entertainment media content. In recent years, the airline business is continuously developing as the number of aircraft deliveries and the passenger traffic grows. The Group intends to further expand into the inflight entertainment market by fully utilising its existing rights in relation to the licensed media content and also acquiring the inflight distribution rights of other media content titles.

3. The Group will continue to enhance its position in existing markets where it currently has a presence by expanding its customer base and market share in such regions, which may include the Mainland China, the Philippines, Thailand, Singapore and Malaysia. In addition, the Group plans to leverage its deep-plough strategy, reputation, extensive experience and business connections to strategically expand into selected new regions, such as Vietnam and Cambodia. Leveraging the Group's established business relationships with Japanese media companies and TV and media networks, it also intends to bring media content from other countries to Japan.

4. The Group expects that our Brand Licensing Business will continue to expand. The Group currently intends to obtain licensing rights for international lifestyle, fashion and character brands as well as other Hong Kong original brands for further development of the Brand Licensing Business.

5. As a group that is deeply rooted in Hong Kong, the Group would like to serve as an ambassador of Hong Kong's own media content and brands, including local production of drama series, animation series, featured films, short web movies/dramas and brands. The Group intends to utilise our expertise in the businesses to help promote media content and brands created in Hong Kong to international markets. In order to nurture and promote the new generation of media/design talents, the Group intends to cooperate with local media producers, designers and artists to provide the support they need to distribute their media content and license their brands in the Asia Pacific region and other countries by helping them to identify and select the appropriate distribution channels, including showcasing their media content/brands at licensing exhibitions/trade fairs.

6. Leveraging our connections with Japanese media companies, film/drama production companies and media networks, the Group will continue to invest in the production of media content in the future. Based on the Group's prior experience, it believes the benefits for co-investing in the production of media content are that:

   - the Group may be granted rights to distribute the media content and other rights in certain territories;

   - it may further enhance our relationships with the production studios/media companies which will benefit our Media Content Distribution Business in a long run; and

   - the Group will receive investment income arising from the media content in addition to distribution income.

Moving forward, the Group will continue to build ourselves as the best platform, partnership with its suppliers and customers, aiming at providing the best entertainment for everyone in the globe.

## FINANCIAL REVIEW

### Revenue

For the year ended 31 March 2019, the Group's total revenue reached approximately HK$475.5 million, representing an increase of approximately HK$161.6 million or approximately 51.5% as compared to the year ended 31 March 2018, mainly due to increase in the revenue generated from Media Content Distribution Business.

Revenue derived from Media Content Distribution Business was the Group's major source of revenue, contributing approximately 89.3% (2018: 92.8%) of the Group's total revenue for the year ended 31 March 2019. Revenue derived from Media Content Distribution Business increased by 45.9% from approximately HK$291.1 million in last year to approximately HK$424.6 million during the current year. This was primarily attributable to the increase in the number of active titles distributed and increase in average price per title as more popular titles were distributed during the year ended 31 March 2019 than that in 2018.

Revenue derived from Brand Licensing Business increased by 123.7% from approximately HK$22.8 million for the year ended 31 March 2018 to approximately HK$51.0 million during the current year. The increase in revenue from Brand Licensing Business was mainly due to the revenue contribution of approximately HK$25.9 million from MAIL as a result of MAIL Acquisition.

### 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 approximately HK$90.4 million or 57.6% from approximately HK$156.9 million for the year ended 31 March 2018 to approximately HK$247.3 million for the year ended 31 March 2019. The increase was in line with the increase in revenue.

### Gross Profit and Gross Profit Margin

The Group's gross profit for the year ended 31 March 2019 amounted to approximately HK$228.2 million, representing an increase of approximately HK$71.2 million or approximately 45.4% as compared to approximately HK$157.0 million for the year ended 31 March 2018, mainly due to the increase in revenue for the year ended 31 March 2019 as compared to the same period in last year. Meanwhile, the Group's gross profit margin decreased by approximately 2.0 percentage points from approximately 50.0% in last year to approximately 48.0% for the year ended 31 March 2019 which was mainly attributable to the decrease in the revenue generated from the sub-licensing of a character in a Japanese animation which had relatively higher gross profit margin as compared with the other Japanese animation and brands sub-licensed by the Group.

### Other Income and Gains

The Group's other income and gains, net decreased by approximately HK$12.0 million or 68.6% from approximately HK$17.5 million for the year ended 31 March 2018 to approximately HK$5.5 million for the year ended 31 March 2019. The decrease in other income and gains, net was mainly due to (i) the decrease in management fee income from MAIL (which became the wholly-owned subsidiary of the Group upon completion of the MAIL Acquisition in August 2018 and thereafter, the transactions with MAIL were eliminated on consolidation); and (ii) the change from a net foreign exchange gain in the year ended 31 March 2018 to a net foreign exchange loss in the year ended 31 March 2019 primarily due to the depreciation of the Group's bank balances denominated in JPY and RMB during the current year.

### Selling and Distribution Expenses

The Group's selling and distribution expenses for the year ended 31 March 2019 amounted to approximately HK$48.0 million, representing an increase of approximately HK$4.0 million or approximately 9.1% when comparing to approximately HK$44.0 million in last year. The increase was primarily due to increase in withholding tax expenses which was in line with the increase in revenue generated from customers in the Mainland China. Such increase was partially offset by the decrease in promotion expenses by approximately HK$2.0 million in relation to the movie distribution during the current year.

## General and Administrative Expenses

The Group's general and administrative expenses for the year ended 31 March 2019 amounted to approximately HK$62.6 million, representing an increase of approximately HK$37.7 million or approximately 151.4% when comparing to approximately HK$24.9 million in last year. Such increase was primarily due to the increase in (i) legal and professional fee of approximately HK$19.7 million primarily attributable to expenses incurred for Listing; and (ii) staff costs of approximately HK$16.4 million as a result of the increase in headcounts and performance bonus.

## Other Expenses

The Group's other expenses, net for the year ended 31 March 2019 amounted to approximately HK$4.9 million, representing an increase of approximately HK$5.0 million when comparing to net other gain of approximately HK$0.1 million in last year. The increase was primarily due to impairment of licensed assets of approximately HK$3.9 million recognised during the year ended 31 March 2019 as compared to net reversal of impairment of licensed assets of approximately HK$1.1 million recorded for the year ended 31 March 2018.

## Income Tax Expenses

The Group's income tax expense increased by approximately HK$0.7 million or 5.8% from approximately HK$12.0 million for the year ended 31 March 2018 to approximately HK$12.7 million for the year ended 31 March 2019 primarily due to the increase in assessable profit. The effective tax rate was 10.7% and 11.3% for the year ended 31 March 2019 and the year ended 31 March 2018, respectively.

## Profit for the Year

As a result of the foregoing, the Group's profit for the current year increased by approximately HK$11.8 million or 12.6% from approximately HK$93.8 million for the year ended 31 March 2018 to approximately HK$105.6 million for the year ended 31 March 2019. Net profit margin decreased from 29.9% for the year ended 31 March 2018 to 22.2% for the year ended 31 March 2019 due to the increase in general and administrative expenses as explained above.

## Profit Attributable to Owners of the Company

Profit Attributable to owners of the Company amounted to HK$105.6 million (2018: HK$93.9 million), representing an increase of 12.5% from last year.

## LIQUIDITY, FINANCIAL RESOURCES AND GEARING RATIO

As at 31 March 2019, the Group had cash and bank balances of HK$163.8 million (2018: HK$169.1 million), most of which were denominated in US dollars and HK dollars.

As at 31 March 2018 and 2019, the Group did not have any interest-bearing nor external borrowings. Thus, neither the gearing ratio nor the debt to equity ratio was applicable to the Group.

Following the Listing, the 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, 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 2019.

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 year ended 31 March 2019.

## CAPITAL STRUCTURE

The shares of the Company were listed on the Stock Exchange on 21 May 2019. There has been no change in the capital structure of the Group since then and share capital of the Group 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

Pursuant to the Reorganisation for the Listing, our Controlling Shareholder acquired the remaining 50% shareholding interest in MAIL for a consideration of HK$20.0 million on 27 August 2018. The MAIL Acquisition was made as part of our Group's strategy to expand our Brand Licensing Business. Save for the MAIL Acquisition, there was no other material acquisitions and disposals of subsidiary during the year ended 31 March 2019.

## PLEDGE OF ASSETS

As at 31 March 2019, none of the assets of the Group were pledged.

## ADJUSTED PROFIT ATTRIBUTABLE TO OWNER OF THE PARENT

The following table sets out the reconciliation from the Group's profit for the year attributable to owner of the parent to adjusted profit for the year attributable to owner of the parent:

| | For the year ended 31 March | |
|---|---|---|
| | **2019** | 2018 |
| | ***(HK$'000)*** | *(HK$'000)* |
| Profit attributable to owner of the parent | **105,579** | 93,899 |
| Plus: | | |
| Listing-related expenses | **19,666** | — |
| Adjusted profit attributable to owner of the parent | **125,245** | 93,899 |

The Group's adjusted profit attributable to owner of the parent for the year ended 31 March 2019 would amount to HK$125.2 million, representing an increase of HK$31.3 million or 33.4%, as compared to HK$93.9 million for the year ended 31 March 2018.

## CAPITAL COMMITMENTS

As at 31 March 2019, the Group had no capital commitment that were not provided for in the consolidated financial statements.

## USE OF PROCEEDS FROM LISTING

The shares of the Company were listed on the Main Board of the Stock Exchange on 21 May 2019. After deduction of the underwriting fees and commissions and estimated 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 are estimated to be approximately 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.

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.

## PURCHASE, SALE OR REDEMPTION OF LISTED SHARES

The Company did not redeem any of its listed shares since the date of listing and up to the date of this announcement. Neither the Company nor any of its subsidiaries has purchased or sold any of the Company's listed shares since the date of listing and up to the date of this announcement.

## SIGNIFICANT EVENTS AFTER THE REPORTING DATE

On 21 May 2019, 1,992,000,000 shares of the Company were listed on the Main Board of the Stock Exchange, pursuant to which 498,000,000 shares were newly issued by the Company at the offer price of HK$0.45 per share. The gross proceeds and the estimated net proceeds amounted to approximately HK$224.1 million and HK$185.9 million respectively.

## ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

The Group is committed to supporting environmental protection to ensure business development and sustainability. The Group implements green office practices to reduce the consumption of energy and natural resources. These practices include the use of energy-saving lightings and recycled paper, reduce energy consumption by switching off idle lightings, computers and electrical appliances and the use of environmentally friendly products whenever possible. A separate environmental, social and governance report is expected to be published on the Stock Exchange's website and the Company's website no later than three months after the annual report has been published.

## 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 2019.

## REVIEW OF PRELIMINARY 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, consolidated statement of changes in equity, consolidated statement of cash flows and the related notes thereto for the year ended 31 March 2019 as set out in the preliminary 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 the preliminary announcement.

## 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.

## MODEL CODE FOR SECURITIES TRANSACTIONS

The Company has adopted the Model Code for Securities Transactions by Directors of Listed Issuers (the "**Model Code**") contained in Appendix 10 to the Rules Governing the Listing of Securities on the Stock Exchange (the "**Listing Rules**") as the Group's code of conduct regarding Directors' securities transactions upon Listing. As the Company was listed on 21 May 2019, the Directors were not required to comply with the requirements under the Model Code for the year ended 31 March 2019.

## COMPLIANCE WITH CORPORATE GOVERNANCE CODE

As the Company was listed on 21 May 2019, the Company was not required to comply with 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 for the year ended 31 March 2019. Since the date of listing and up to the date of this announcement, the Company has complied with the code provisions as set out in the CG Code, save and except for code provision A.2.1 as set out below:

***Chairman and Chief Executive***

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

## ANNUAL GENERAL MEETING

The annual general meeting of the Company is scheduled to be held on Thursday, 19 September 2019. 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.medialinkgroupltd.com.hk) in due course.

## FINAL DIVIDEND

The Board has recommended the payment of a final dividend of HK 1.3 cents per share for the year ended 31 March 2019 (2018: Nil), amounting to approximately HK$25.9 million (2018: Nil), to the Shareholders whose names appear on the register of members of the Company on Monday, 30 September 2019. The proposed final dividend will be paid on Wednesday, 23 October 2019, subject to approval by the Shareholders at the annual general meeting.

## CLOSURE OF THE REGISTER OF MEMBERS

For determining the entitlement to attend and vote at the annual general meeting, the register of members will be closed from Monday, 16 September 2019 to Thursday, 19 September 2019, 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 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 Friday, 13 September 2019.

To ascertain entitlement to the proposed final dividend, the register of members will be closed from Wednesday, 25 September 2019 to Monday, 30 September 2019, both days inclusive, during which period no transfer of shares will be registered. In order to qualify for the proposed final dividend, which is subject to approval of Shareholders at the annual general meeting, all completed transfer forms, accompanied by the relevant share certificates, must be lodged for registration with the Company's branch share registrar and transfer office, Tricor Investor Services Limited at Level 54, Hopewell Centre, 183 Queen's Road East, Hong Kong by no later than 4:30 p.m. on Tuesday, 24 September 2019.

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

This annual result announcement is published on the website of the Stock Exchange (www.hkexnews.hk) and the website of the Company (www.medialinkgroupltd.com.hk) and the annual report for the year ended 31 March 2019 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 2019.

By order of the Board
**MEDIALINK GROUP LIMITED**
**Chiu Siu Yin Lovinia**
*Chairman and Executive Director*

Hong Kong, 27 June 2019

*As at the date of this announcement, the executive Directors are Ms. Chiu Siu Yin Lovinia, Mr. Cheung Wai Kit, Mr. Ma Ching Fung, Ms. Chiu Siu Fung Noletta, 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 and Mr. Wong Kam Pui, JP.*

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

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