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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 2019

FINANCIAL HIGHLIGHTS			
	Six months ended		
	30 September	2018	Change
	2019	2018	
	(Unaudited)	(Unaudited)	
	HK\$'000	HK\$'000	
Revenue			
— Media Content Distribution Business	130,265	289,095	-54.9%
— Brand Licensing Business	34,653	17,704	+95.7%
Total	164,918	306,799	-46.2%
Gross Profit Margin	46.5%	48.2%	
Profit attributable to owners of the parent	23,855	89,374	-73.3%
Interim dividend per share ⁽¹⁾	HK0.24 cents		
	30 September	31 March	
	2019	2019	
	(Unaudited)	(Audited)	
	HK\$'000	HK\$'000	
Equity attributable to owners of the parent	476,327	268,767	+77.2%
Liquidity ratio			
Current ratio ⁽²⁾	2.9	2.0	
Cash ratio ⁽³⁾	1.8	0.8	
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 28 November 2019.</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) Our 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

Our Group (means Medialink Group Limited (the “**Company**”) and its subsidiaries, collectively the “**Group**”) is a leading distributor of third-party owned media content headquartered in Hong Kong with presence in Mainland China, Singapore, Malaysia, Taiwan, Indonesia and Japan. Under the Media Content Distribution Business, our Group cooperates closely with media content licensors through entering into content distribution arrangements with them and is 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, our Group has a well-established position in distributing Japanese animation. In recognition of the Group’s success and contribution to Mainland China’s animation industry, we have been awarded the Best Commercial Value Intellectual Property (IP) Award by China International Cartoon & Game Expo 2019.

Our 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. Our Group is also 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. The overall revenue of the Brand Licensing Business has doubled in the Reporting Period (means for the six months ended 30 September 2019, the “**Reporting Period**”) as compared with the same period last year.

As supported by the World Economic Outlook October 2019 published by the International Monetary Fund, the macroeconomic environment has been sluggish. Global growth is forecast at 3 percent for 2019, its lowest level since 2008/09. Mainland China and the United States are anticipated to have a projected slowdown. The trade dispute between Mainland China and the United States has taken a toll on business confidence, investment decision, and global trade. This has been reflected in our business during the Reporting Period. However, we still managed to generate HK\$130.3 million revenue from the Media Content Distribution Business and HK\$34.7 million revenue from the Brand Licensing Business in the Reporting Period while maintaining similar level of overall gross profit margin of 46.5%. We believe the sales will be picking up in the second half of the financial year. During the Reporting Period, we generated profit after tax of HK\$28.4 million, excluding non-recurring listing expenses of HK\$4.5 million.

Media Content Distribution Business

During the Reporting Period, revenue derived from Media Content Distribution Business accounted for 79.0% of total revenue.

We acquired a number of new Japanese animated titles such as “Dr. STONE” during the Reporting Period. It is a rising Japanese IP and is very well received by the viewers in Mainland China. It is also available on our branded “Ani-One” platform in Hong Kong and Taiwan.

“Ani-One” means “Anime for everyOne”. It is our proprietary branded distribution platform featuring animation content including popular Japanese animated films and animation series. In Hong Kong, we celebrated our 3rd anniversary of having our “Ani-One” platform. It has also been successfully launched in Taiwan, Singapore, Malaysia, Brunei and Vietnam.

As for our film titles and in line with our strategic plan, distribution of inflight media content has increased astronomically. During the period ended 30 September 2019, we launched a number of inflight titles such as live-action film “Dying to Survive” (我不是藥神), “More Than Blue” (比悲傷更悲傷的故事) and “New King of Comedy” (新喜劇之王).

During the Reporting Period and in line with our strategic plan, we co-invested in a number of films and drama series. Our first co-invested Japanese animated film “Children of the Sea” (海獸之子) was produced by the renowned Studio 4°C. We also co-invested in live-action films such as “STAND BY ME” (陪你很久很久) which has been nominated “Best Adapted Screenplay” in 56th Golden Horse Awards. We also released 2 animated films, namely “CODE GEASS Lelouch of the Re;surrection” and “Children of the Sea” in theatres of Hong Kong and Taiwan.

Brand Licensing Business

Our Brand Licensing Business has expanded steadily with continuous growth and revenue doubled. During the Reporting Period, revenue derived from Brand Licensing Business accounted for 21.0% of total revenue.

In line with our strategic plan, we expanded our licensing brands portfolios and categories. In addition to focusing on Japanese animated brand licensing, we have been appointed as a sub-agent of an international lifestyle brand. We have also extended a couple of key brands for a longer licensing period.

Separately, to broaden our source of income, we invested in our first live Broadway drama musical “First Date” starring singer-songwriter and award-winning actress Ivana Wong (王菀之) and award-winning actor and director Francis Ng (吳鎮宇). All the shows were sold out and the musical was a great success.

BUSINESS OUTLOOK

Although the global economic outlook is sluggish, we remain confident in the Mainland China market and in line with our strategic plan, we will dive deeper in the overseas markets and will co-operate with global media players to bring more Asian content globally. We also plan to extend our proprietary branded distribution platform “Ani-One” to cover other South East Asia areas such as the Philippines, Indonesia, Thailand and Cambodia. As Hong Kong and Mainland China are making preparation for the development of 5G networks and services, it will allow us to seize the opportunities to provide better quality content at an even faster pace with no border.

As for our Brand Licensing Business, we will acquire more genre of brands and expand the local teams in our overseas branches in order to capture bigger market share.

The future strategies of our Group will continue to build on the depth and breadth of our Media Content Distribution Business and Brand Licensing Business, with the following focus areas:

- 1 Expansion on media content and brand licensing distribution network
- 2 Acquisition of new media content and licensing brands
- 3 Expansion on media content and brand licensing territories and rights
- 4 Strategic intellectual property co-investment

We will continue to monitor and adopt measures in response to 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 as such imposition may result in an adverse effect on the results of our Media Content Distribution Business.

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

	As at 30 September 2019	As at 31 March 2019
Number of media content titles available	436	386
Number of brands available	124	114

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 2018 as set out below.

CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS

		Six months ended	
		30 September	
		2019	2018
		(Unaudited)	(Unaudited)
	<i>Notes</i>	HK'000	<i>HK'000</i>
REVENUE	4	164,918	306,799
Cost of sales		<u>(88,261)</u>	<u>(158,984)</u>
Gross profit		76,657	147,815
Other income and gains	4	2,094	4,676
Selling and distribution expenses		(17,414)	(25,426)
General and administrative expenses		(30,656)	(17,018)
Other expenses, net		(440)	(2,635)
Finance cost	5	<u>(59)</u>	<u>—</u>
PROFIT BEFORE TAX	6	30,182	107,412
Income tax expense	7	<u>(6,327)</u>	<u>(18,034)</u>
PROFIT FOR THE PERIOD		<u>23,855</u>	<u>89,378</u>
Attributable to:			
Owners of the parent		23,855	89,374
Non-controlling interests		<u>—</u>	<u>4</u>
		<u>23,855</u>	<u>89,378</u>
EARNINGS PER SHARE ATTRIBUTABLE TO ORDINARY EQUITY HOLDERS OF THE PARENT	9		
Basic		HK 1.3 cents	HK 6.0 cents
Diluted		<u>HK 1.3 cents</u>	<u>HK 6.0 cents</u>

CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

	Six months ended	
	30 September	
	2019	2018
	(Unaudited)	(Unaudited)
	HK\$'000	HK\$'000
PROFIT FOR THE PERIOD	23,855	89,378
OTHER COMPREHENSIVE LOSS		
Other comprehensive loss to be reclassified to profit or loss in subsequent periods:		
Exchange differences on translation of foreign operations	<u>(373)</u>	<u>(204)</u>
TOTAL COMPREHENSIVE INCOME FOR THE PERIOD	<u>23,482</u>	<u>89,174</u>
Attributable to:		
Owners of the parent	23,482	89,170
Non-controlling interests	<u>—</u>	<u>4</u>
	<u>23,482</u>	<u>89,174</u>

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 30 September 2019

		30 September 2019 (Unaudited) <i>HK\$'000</i>	31 March 2019 (Audited) <i>HK\$'000</i>
	<i>Notes</i>		
NON-CURRENT ASSETS			
Property, plant and equipment	2.2	9,815	7,396
Goodwill		29,709	29,709
Intangible assets		23,529	11,549
Deposits		380	129
		<hr/>	<hr/>
Total non-current assets		63,433	48,783
CURRENT ASSETS			
Licensed assets		144,398	142,823
Trade receivables	10	96,896	111,045
Prepayments, deposits and other receivables		4,264	9,975
Tax recoverable		969	6,746
Cash and cash equivalents		386,046	163,754
		<hr/>	<hr/>
Total current assets		632,573	434,343
CURRENT LIABILITIES			
Trade payables	11	123,049	125,579
Accruals and other payables		39,485	57,048
Lease liabilities	2.2	2,114	—
Contract liabilities		26,039	30,073
Dividend payables		25,896	—
Tax payable		1,782	708
		<hr/>	<hr/>
Total current liabilities		218,365	213,408
NET CURRENT ASSETS		<hr/> 414,208	<hr/> 220,935
TOTAL ASSETS LESS CURRENT LIABILITIES		<hr/> 477,641	<hr/> 269,718

		30 September	31 March
		2019	2019
		(Unaudited)	(Audited)
	<i>Notes</i>	HK\$'000	HK\$'000
NON-CURRENT LIABILITIES			
Lease liabilities	2.2	922	—
Deferred tax liabilities		392	951
		<hr/>	<hr/>
Total non-current liabilities		1,314	951
		<hr/>	<hr/>
Net assets		476,327	268,767
		<hr/> <hr/>	<hr/> <hr/>
EQUITY			
Equity attributable to owners of the parent			
Issued capital	12	19,920	—
Reserves		456,407	268,767
		<hr/>	<hr/>
		476,327	268,767
Non-controlling interests		<hr/> <hr/>	<hr/> <hr/>
		<hr/>	<hr/>
Total equity		476,327	268,767
		<hr/> <hr/>	<hr/> <hr/>

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 period, 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 BASIS OF PREPARATION

The unaudited condensed interim financial statements are 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 unaudited condensed consolidated financial statements do 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 2019. The unaudited condensed consolidated financial statements are presented in Hong Kong dollars (“**HK\$**”) and all values are rounded to the nearest thousand (HK\$’000) except when otherwise indicated.

2.2 CHANGES IN ACCOUNTING POLICIES AND DISCLOSURES

The accounting policies adopted in the preparation of the interim condensed consolidated financial statements for the six months ended 30 September 2019 are consistent with those followed in the preparation of the Group's annual consolidated financial statements for the year ended 31 March 2019, except for the adoption of the following new and revised Hong Kong Financial Reporting Standards (“**HKFRSs**”), which are effective as of 1 April 2019.

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

Other than as explained below regarding the impact of HKFRS 16 *Leases* (“**HKFRS 16**”) with respect to the accounting of the Group's operating leases for offices, warehouses and car parks, the new and revised standards are not relevant to the preparation of the Group's interim condensed consolidated financial information. The nature and impact of HKFRS 16 are described below:

HKFRS 16 Leases

HKFRS 16 replaces HKAS 17 *Leases* (“**HKAS 17**”), HK (IFRIC)-Int 4 *Determining whether an Arrangement contains a Lease* (“**HK (IFRIC)-Int 4**”), HK (SIC)-Int 15 *Operating Leases — Incentives* and HK (SIC)-Int 27 *Evaluating the Substance of Transactions Involving the Legal Form of a Lease*. The standard sets out the principles for the recognition, measurement, presentation and disclosure of leases and requires lessees to account for all leases under a single on-balance sheet model. Lessor accounting under HKFRS 16 is substantially unchanged from HKAS 17. Lessors will continue to classify leases as either operating or finance leases using similar principles as in HKAS 17. Therefore, HKFRS 16 did not have any financial impact on leases where the Group is the lessor.

The Group adopted HKFRS 16 using the modified retrospective method of adoption with the date of initial application of 1 April 2019. Under this method, the standard is applied retrospectively with the cumulative effect of initial adoption as an adjustment to the opening balance of retained earnings at 1 April 2019, and the comparative information for 2018 was not restated and continues to be reported under HKAS 17.

New definition of a lease

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

At inception or on reassessment of a contract that contains a lease component, the Group allocates the consideration in the contract to each lease and non-lease component on the basis of their stand-alone prices. A practical expedient is available to a lessee, which the Group has adopted, not to separate non-lease components and to account for the lease and the associated non-lease components (e.g., property management services for leases of properties) as a single lease component.

As a lessee — Leases previously classified as operating leases

Nature of the effect of adoption of HKFRS 16

The Group has lease contracts for its offices, warehouses and carparks. As a lessee, the Group previously classified leases as either finance leases or operating leases based on the assessment of whether the lease transferred substantially all the rewards and risks of ownership of assets to the Group. Under HKFRS 16, the Group applies a single approach to recognise and measure right-of-use assets and lease liabilities for all leases, except for two elective exemptions for leases of low value assets (elected on a lease by lease basis) and short-term leases (elected by class of underlying asset). The Group has elected not to recognise right-of-use assets and lease liabilities for (i) leases of low-value assets; and (ii) leases, that at the commencement date, have a lease term of 12 months or less. Instead, the Group recognises the lease payments associated with those leases as an expense on a straight-line basis over the lease term.

Impact on transition

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

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

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

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

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

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

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

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

As at 30 September 2019, right-of-use assets included in property, plant and equipment, current lease liabilities and non-current lease liabilities amounted to HK\$3,214,000, HK\$2,114,000 and HK\$922,000, respectively.

Summary of new accounting policies

The accounting policy for leases as disclosed in the annual financial statements for the year ended 31 March 2019 is replaced with the following new accounting policies upon adoption of HKFRS 16 from 1 April 2019:

Right-of-use assets

Right-of-use assets are recognised at the commencement date of the lease. Right-of-use assets are measured at cost, less any accumulated depreciation and any impairment losses, and adjusted for any remeasurement of lease liabilities. The cost of right-of-use assets includes the amount of lease liabilities recognised, initial direct costs incurred, and lease payments made at or before the commencement date less any lease incentives received. Unless the Group is reasonably certain to obtain ownership of the leased asset at the end of the lease term, the recognised right-of-use assets are depreciated on a straight-line basis over the shorter of the estimated useful life and the lease term.

Lease liabilities

Lease liabilities are recognised at the commencement date of the lease at the present value of lease payments to be made over the lease term. The lease payments include fixed payments (including in-substance fixed payments) less any lease incentives receivable, variable lease payments that depend on an index or a rate, and amounts expected to be paid under residual value guarantees. The lease payments also include the exercise price of a purchase option reasonably certain to be exercised by the Group and payments of penalties for termination of a lease, if the lease term reflects the Group exercising the option to terminate. The variable lease payments that do not depend on an index or a rate are recognised as an expense in the period in which the event or condition that triggers the payment occurs.

In calculating the present value of lease payments, the Group uses the incremental borrowing rate at the lease commencement date if the interest rate implicit in the lease is not readily determinable. After the commencement date, the amount of lease liabilities is increased to reflect the accretion of interest and reduced for the lease payments made. In addition, the carrying amount of lease liabilities is remeasured if there is a modification, a change in future lease payments arising from change in an index or rate, a change in the lease term, a change in the in-substance fixed lease payments or a change in assessment to purchase the underlying asset.

Significant judgement in determining the lease term of contracts with renewal options

The Group determines the lease term as the non-cancellable term of the lease, together with any periods covered by an option to extend the lease if it is reasonably certain to be exercised, or any periods covered by an option to terminate the lease, if it is reasonably certain not to be exercised.

The Group has not early adopted any other standards, interpretations or amendments that have been issued but not yet effective.

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 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 2019 (Unaudited)

	Media content distribution HK\$'000	Brand licensing HK\$'000	Total HK\$'000
Segment revenue:			
Sales to external customers	<u>130,265</u>	<u>34,653</u>	<u>164,918</u>
Segment results	40,025	4,295	44,320
<i>Reconciliation:</i>			
Interest income and unallocated gains			1,994
Depreciation of other items of property, plant and equipment			(635)
Other corporate and unallocated expenses			<u>(15,497)</u>
Profit before tax			<u>30,182</u>
As at 30 September 2019 (Unaudited)			
Segment assets	242,005	58,455	300,460
<i>Reconciliation:</i>			
Corporate and other unallocated assets			<u>395,546</u>
Total assets			<u>696,006</u>
Segment liabilities	129,701	52,025	181,726
<i>Reconciliation:</i>			
Corporate and other unallocated liabilities			<u>37,953</u>
Total liabilities			<u>219,679</u>

Six months ended 30 September 2018 (Unaudited)

	Media content distribution HK\$'000	Brand licensing HK\$'000	Total HK\$'000
Segment revenue:			
Sales to external customers	<u>289,095</u>	<u>17,704</u>	<u>306,799</u>
Segment results	107,117	3,218	110,335
<i>Reconciliation:</i>			
Interest income and unallocated gains			4,580
Depreciation on other items of property, plant and equipment			(636)
Other corporate and unallocated expenses			<u>(6,867)</u>
Profit before tax			<u>107,412</u>
As at 31 March 2019 (Audited)			
Segment assets	232,815	64,922	297,737
<i>Reconciliation:</i>			
Corporate and other unallocated assets			<u>185,389</u>
Total assets			<u>483,126</u>
Segment liabilities	129,556	56,373	185,929
<i>Reconciliation:</i>			
Corporate and other unallocated liabilities			<u>28,430</u>
Total liabilities			<u>214,359</u>

4. REVENUE, OTHER INCOME AND GAINS, NET

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

	Six months ended	
	30 September	
	2019	2018
	(Unaudited)	(Unaudited)
	HK\$'000	HK\$'000
Major product or service lines		
<i>Media Content Distribution Business</i>		
Distribution of licensed media content	129,501	288,385
Theatrical release income	764	710
	130,265	289,095
<i>Brand Licensing Business</i>		
Sub-licensing of brands	18,489	10,890
Provision of licensing agency services	13,700	6,189
Sales of merchandise	2,464	625
	34,653	17,704
Total revenue from contracts with customers	164,918	306,799

	Six months ended	
	30 September	
	2019	2018
	(Unaudited)	(Unaudited)
	HK\$'000	HK\$'000
Geographical locations		
<i>Media Content Distribution Business</i>		
Mainland China	96,081	240,127
Hong Kong	19,553	4,946
United States	2,747	17,336
Taiwan	2,562	4,343
Thailand	2,318	2,502
Philippines	1,078	14,939
Japan	400	3,972
Others*	5,526	930
	130,265	289,095
<i>Brand Licensing Business</i>		
United States	8,272	3,837
Mainland China	6,774	4,454
Hong Kong	6,676	3,004
France	2,873	882
Taiwan	2,578	2,304
Japan	2,156	1,424
United Kingdom	1,965	602
Thailand	1,820	861
Others	1,539	336
	34,653	17,704
Total revenue from contracts with customers	164,918	306,799

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

	Six months ended	
	30 September	
	2019	2018
	(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 content	129,501	288,385
Theatrical release income	764	710
<i>Brand Licensing Business</i>		
Sub-licensing of brands	6,252	2,510
Provision of licensing agency services	2,773	1,216
Sales of merchandise	2,464	625
	141,754	293,446
<u>Over time</u>		
<i>Brand Licensing Business</i>		
Sub-licensing of brands	12,237	8,380
Provision of licensing agency services	10,927	4,973
	23,164	13,353
Total revenue from contracts with customers	164,918	306,799

An analysis of other income and gains is as follows:

	Six months ended 30 September	
	2019	2018
	(Unaudited)	(Unaudited)
	HK\$'000	HK\$'000
<i>Other income and gains</i>		
Bank interest income	1,874	179
Management fee income from a related party	—	4,286
Commission income from a related party	—	96
Gain on disposal of items of property, plant and equipment	120	—
Others	100	115
	<u>2,094</u>	<u>4,676</u>
	<u>2,094</u>	<u>4,676</u>

5. FINANCE COST

An analysis of finance cost is as follows:

	Six months ended 30 September	
	2019	2018
	(Unaudited)	(Unaudited)
	HK\$'000	HK\$'000
Interest on lease liabilities	59	—
	<u>59</u>	<u>—</u>
	<u>59</u>	<u>—</u>

6. PROFIT BEFORE TAX

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

	Six months ended 30	
	September	
	2019	2018
	(Unaudited)	(Unaudited)
	HK\$'000	HK\$'000
Cost of goods sold and other services rendered	83,269	151,908
Listing expenses	4,514	4,311
Depreciation:		
Right-of-use assets	1,041	—
Other items of property, plant and equipment	635	636
	1,676	636
Amortisation of intangible assets	5,019	7,103
Minimum lease payments under operating leases	529	1,740
Employee benefit expenses (including directors' and chief executive's remuneration):		
Salaries, wages, allowances and bonuses	24,216	15,149
Pension scheme contributions (defined contribution schemes)	1,519	1,393
	25,735	16,542
Foreign exchange differences, net	896	2,318
Impairment of trade receivables*	322	164
Reversal of impairment of trade receivables*	(543)	(79)
Write-off of trade receivables*	8	—
Write-down/(reversal of write-down) of licensed rights to net realisable value, net*	(242)	232

* These amounts are included in "Other expenses, net" 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 2018: 16.5%) on the estimated assessable profits arising in Hong Kong during the period. For the six months ended 30 September 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.

	Six months ended 30	
	September	
	2019	2018
	(Unaudited)	(Unaudited)
	HK\$'000	HK\$'000
Current — Hong Kong		
Charge for the period	6,586	18,090
Current — Elsewhere		
Charge for the period	288	3
Underprovision in prior years	12	—
Deferred	(559)	(59)
	<hr/>	<hr/>
Total tax charge for the period	<u>6,327</u>	<u>18,034</u>

8. DIVIDENDS

Six months ended 30 September	
2019	2018
(Unaudited)	(Unaudited)
HK\$'000	HK\$'000

Dividends recognised as distribution during the Reporting Period:

Final dividend for 2019 - HK1.30 cents (2018: Nil)
per ordinary share

<u><u>25,896</u></u>	<u><u>—</u></u>
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The 2019 final dividend was approved at the annual general meeting held on 19 September 2019.

Dividends declared after the end of the Reporting Period:

Interim dividend declared for 2020 - HK0.24 cents
(2019: Nil) per ordinary share

<u><u>4,800</u></u>	<u><u>—</u></u>
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The interim dividend was not recognised as a liability as at 30 September 2019 because it has been declared after the end of the Reporting Period.

9. EARNINGS PER SHARE ATTRIBUTABLE TO ORDINARY EQUITY HOLDERS OF THE PARENT

The calculation of basic earnings per share for the six months ended 30 September 2019 is based on the unaudited consolidated profit for the period attributable to owners of the parent of HK\$23,855,000 (six months ended 30 September 2018: HK\$89,374,000), and the weighted average number of our Company's ordinary shares of 1,855,934,426 (six months ended 30 September 2018: 1,494,000,000) in issue during the period, on the assumption that the reorganisation and the capitalisation issue had been completed on 1 April 2018.

No adjustment has been made to the basic earnings per share presented for six months ended 30 September 2019 and 2018 as the Group had no potentially diluted ordinary shares in issue during those periods.

10. TRADE RECEIVABLES

	As at 30 September 2019 (Unaudited) <i>HK\$'000</i>	As at 31 March 2019 (Audited) <i>HK\$'000</i>
Trade receivables		
Billed receivables	93,328	109,180
Unbilled receivables	<u>13,426</u>	<u>13,181</u>
	106,754	122,361
Less: Impairment	<u>(9,858)</u>	<u>(11,316)</u>
	<u><u>96,896</u></u>	<u><u>111,045</u></u>

The Group's trading terms with its customers are mainly on credit. For the Media Content Distribution Business, the payment terms with customers are generally of two to four payments with the first payment usually due upon the submission of the letter of authorisation relating to the media 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 (before impairment) as at the end of the Reporting Period, based on the invoice date, is as follows:

	As at 30 September 2019 (Unaudited) HK\$'000	As at 31 March 2019 (Audited) HK\$'000
Within 30 days	43,433	4,181
31 to 60 days	7,313	3,360
61 to 90 days	2,170	19,864
91 to 180 days	5,244	25,599
181 to 365 days	13,821	37,238
Over 365 days	21,347	18,938
	<u>93,328</u>	<u>109,180</u>

During six months ended 30 September 2019, the impairment and reversal of impairment of trade receivables were amounted to HK\$322,000 and HK\$543,000, respectively (six months ended 30 September 2018: HK\$164,000 and HK\$79,000).

11. TRADE PAYABLES

	As at 30 September 2019 (Unaudited) HK\$'000	As at 31 March 2019 (Audited) HK\$'000
Trade payables		
Unbilled	104,145	88,730
Billed	18,904	36,849
	<u>123,049</u>	<u>125,579</u>

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

	As at 30 September 2019 (Unaudited) HK\$'000	As at 31 March 2019 (Audited) HK\$'000
Within 30 days	13,460	10,073
31 to 90 days	436	5,292
Over 90 days	5,008	21,484
	<u>18,904</u>	<u>36,849</u>

The trade payables primarily consist of minimum guarantee payables and royalty payables to licensors which 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 amounts that are unbilled payables to licensors which are calculated based on the royalty rates as stipulated in the respective licensing contracts.

12. ISSUED CAPITAL

	As at 30 September 2019 (Unaudited) HK\$'000	As at 31 March 2019 (Audited) HK\$'000
Authorised:		
5,000,000,000 (31 March 2019: 38,000,000) ordinary shares of HK\$0.01 each	<u>50,000</u>	<u>380</u>
Issued and fully paid:		
1,992,000,000 (31 March 2019: 1) ordinary shares of HK\$0.01 each	<u>19,920</u>	<u>—</u>

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

	<i>Notes</i>	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), at 31 March 2019 and at 1 April 2019	(a)	38,000,000	380
Increase of 4,962,000,000 ordinary shares of HK\$0.01 each on 12 April 2019	(b)	<u>4,962,000,000</u>	<u>49,620</u>
At 30 September 2019		<u>5,000,000,000</u>	<u>50,000</u>
Issued and fully paid:			
Issuance of 1 ordinary share of HK\$0.01 on 29 October 2018 (date of incorporation), at 31 March 2019 and at 1 April 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)	<u>498,000,000</u>	<u>4,980</u>
At 30 September 2019		<u>1,992,000,000</u>	<u>19,920</u>

Notes:

- (a) On 29 October 2018, the Company was incorporated as an exempted company with limited liability in the Cayman Islands with 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.

FINANCIAL REVIEW

Revenue

For the six months ended 30 September 2019, the Group's total revenue reached approximately HK\$164.9 million, representing a decrease of approximately HK\$141.9 million or approximately 46.3% as compared to approximately HK\$306.8 million for the six months ended 30 September 2018, mainly due to decrease 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 79.0% (six months ended 30 September 2018: 94.2%) of the Group's total revenue for the six months ended 30 September 2019. Revenue derived from Media Content Distribution Business decreased by 54.9% from approximately HK\$289.1 million in the same period of last year to approximately HK\$130.3 million during the Reporting Period. Such decrease in revenue was primarily due to unfavourable global economic outlook and the weakened market sentiment during the Reporting Period.

Revenue derived from Brand Licensing Business increased by 96.0% from approximately HK\$17.7 million for the six months ended 30 September 2018 to approximately HK\$34.7 million during the Reporting Period. The increase in revenue from Brand Licensing Business was mainly due to sustained and continuous growth of business after the acquisition of the remaining 50% equity interest in Medialink Animation International Limited ("MAIL") during last period (the "MAIL Acquisition"). The contribution of revenue from MAIL for the six months ended 30 September 2019 amounted to approximately HK\$19.6 million, representing an increase of approximately HK\$15.1 million as compared to approximately HK\$4.5 million for the six months ended 30 September 2018.

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 decreased by approximately HK\$70.7 million or 44.5% from approximately HK\$159.0 million for the six months ended 30 September 2018 to approximately HK\$88.3 million for the six months ended 30 September 2019. The decrease was in line with the decrease in revenue.

Gross Profit and Gross Profit Margin

The Group's gross profit for the six months ended 30 September 2019 amounted to approximately HK\$76.7 million, representing a decrease of approximately HK\$71.1 million or approximately 48.1% as compared to approximately HK\$147.8 million for the six months ended 30 September 2018, mainly due to the decrease in revenue for the six months ended 30 September 2019 as compared to the same period in last year. Meanwhile, the Group's gross profit margin decreased by approximately 1.7 percentage points from approximately 48.2% in last period to approximately 46.5% for the six months ended 30 September 2019 which was roughly the same for both periods.

Other Income and Gains

The Group's other income and gains decreased by approximately HK\$2.6 million or 55.3% from approximately HK\$4.7 million for the six months ended 30 September 2018 to approximately HK\$2.1 million for the six months ended 30 September 2019. The decrease in other income and gains was mainly due to 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). The decrease was partially offset by an increase of bank interest income.

Selling and Distribution Expenses

The Group's selling and distribution expenses for the six months ended 30 September 2019 amounted to approximately HK\$17.4 million, representing a decrease of approximately HK\$8.0 million or approximately 31.5% when comparing to approximately HK\$25.4 million in the same period of last year. The decrease was primarily due to decrease in withholding tax expenses which was in line with the decrease in revenue mainly generated from customers in Mainland China. Such decrease was partially offset by an increase in staff costs of HK\$1.6 million and promotion expenses in relation to enhance our market presence and facilitate our business expansion of approximately HK\$1.6 million during the Reporting Period.

General and Administrative Expenses

The Group's general and administrative expenses for the six months ended 30 September 2019 amounted to approximately HK\$30.7 million, representing an increase of approximately HK\$13.7 million or approximately 80.6% when comparing to approximately HK\$17.0 million in the same period of last year. Such increase was primarily due to the increase in staff costs, the one-off listing expenses, and increase in professional expenses for compliance recognised for the Reporting Period.

Other Expenses

The Group's other expenses, net for the six months ended 30 September 2019 amounted to approximately HK\$0.4 million, representing a decrease of approximately HK\$2.2 million when comparing to approximately HK\$2.6 million in the same period of last year. The decrease was primarily due to the decrease in exchange loss from approximately HK\$2.3 million recorded during the six months ended 30 September 2018 to approximately HK\$0.9 million recorded for the six months ended 30 September 2019. Such decrease was primarily due to the adverse effect of depreciation of RMB partially offsetting by the positive effect of the appreciation of JPY on the Group's bank balances, some of which were denominated in JPY and RMB, during the Reporting Period.

Income Tax Expenses

The Group's income tax expense decreased by approximately HK\$11.7 million or 65.0% from approximately HK\$18.0 million for the six months ended 30 September 2018 to approximately HK\$6.3 million for the six months ended 30 September 2019, primarily due to the decrease in assessable profit. The effective tax rate was 21.0% and 16.8% for the six months ended 30 September 2019 and the six months ended 30 September 2018, respectively.

Profit for the Period

As a result of the foregoing, the Group's profit for the Reporting Period decreased by approximately HK\$65.5 million or 73.3% from approximately HK\$89.4 million for the six months ended 30 September 2018 to approximately HK\$23.9 million for the six months ended 30 September 2019. Net profit margin decreased from 29.1% for the six months ended 30 September 2018 to 14.5% for the six months ended 30 September 2019, primarily due to the combined effect of the decrease of revenue and the increase in general and administrative expenses as explained above.

Profit Attributable to Owners of the Parent

Profit attributable to owners of the parent amounted to HK\$23.9 million (six months ended 30 September 2018: HK\$89.4 million), representing a decrease of 73.3% from the same period of last year.

LIQUIDITY, FINANCIAL RESOURCES AND GEARING RATIO

As at 30 September 2019, the Group's current ratio was 2.9 as compared to 2.0 as at 31 March 2019 and the Group had cash and bank balances of HK\$386.0 million (As at 31 March 2019: HK\$163.8 million), most of which were denominated in US dollars and HK dollars. The significant increase in balance was due to cash generated from primary offering of the Company's shares to the public, which will be used for implementing our future expansion plan.

As at 31 March and 30 September 2019, 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.

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 and 30 September 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 six months ended 30 September 2018 and 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

There was no material acquisitions and disposals of subsidiary during the six months ended 30 September 2019.

PLEDGE OF ASSETS

As at 30 September 2019, none of the assets of the Group were pledged (as at 31 March 2019: Nil).

EMPLOYEES

As at 30 September 2019, our Group had an aggregate of 97 employees (as at 31 March 2019: 86 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, Director's remuneration, contribution to pension schemes, discretionary bonus relating to financial performance of our Group and individual performance. After Listing, the remuneration policy and remuneration packages of the Directors and senior management are reviewed by the Remuneration Committee and the Board, having regard to Director's experience, duties and responsibilities, performance and achievement.

CAPITAL COMMITMENTS

As at 30 September 2019, our Group did not have any significant capital commitment (as at 31 March 2019: Nil).

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 (the "**Net Proceeds**") 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 of the Company dated 30 April 2019 (the "**Prospectus**").

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

During the period from 21 May 2019 (the “**Listing Date**”) to 30 September 2019, 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 2019 HK\$'000	Unutilised amount as at 30 September 2019 HK\$'000
Strengthen media content portfolio	101,781	—	101,781
Expand our Brand Licensing Business	32,572	(530)	32,042
Relocation and renovation of Hong Kong office and upgrade information technology equipment	12,857	—	12,857
Use for co-investment in the production of media content	17,694	—	17,694
Expand media content team, brand licensing team and expand workforce and enhance back office support	8,691	(205)	8,486
Use for our general working capital	12,283	—	12,283
	<u>185,878</u>	<u>(735)</u>	<u>185,143</u>

Note: 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.

The unutilised Net Proceeds have been placed as bank balances/time deposits with licensed banks in Hong Kong as at the date of this announcement. The Company intends to use them in the same manner and proportions as described in the Prospectus. The planned use of proceeds as stated in the Prospectus were based on the best estimation and assumption of the future market conditions made by the Company at the time of preparing the Prospectus. The completion time of the use of Net Proceeds will be determined based on the market environment and the future business development of the Company.

INTERIM DIVIDEND

The Board has declared an interim dividend of HK0.24 cents per share for the six months ended 30 September 2019 payable to the shareholders of the Company (the “**Shareholders**”) whose names appear on the register of members of the Company on Tuesday, 24 December 2019. The interim dividend is expected to be paid to the Shareholders on Monday, 20 January 2020.

CLOSURE OF REGISTER OF MEMBERS

For determining the entitlement to the interim dividend for the six months ended 30 September 2019, the register of members of the Company will be closed from Friday, 20 December 2019 to Tuesday, 24 December 2019, 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 2019, 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, Wanchai, Hong Kong, for registration not later than 4:30 p.m. on Thursday, 19 December 2019.

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 Rules Governing the Listing of Securities on the Stock Exchange of Hong Kong Limited (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. Since the Listing Date 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. Lovinia Chiu currently holds both positions as chairman and chief executive officer. Throughout the business history, Ms. Lovinia 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. Lovinia 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

Neither our Company nor any of our subsidiaries purchased, sold or redeemed any of our Company's listed shares since the Listing Date up to the date of this announcement.

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 since the Listing Date 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

Save as disclosed in this announcement, to the best knowledge of the Board, there are no other 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 2019.

The Company's auditor, Ernst & Young, has reviewed the unaudited consolidated interim results of the Group for the six months ended 30 September 2019 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.medialinkgrouppltd.com.hk). The interim report of the Company for the six months ended 30 September 2019 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, 28 November 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.medialinkgrouppltd.com.hk.

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