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MEDIALINK GROUP LIMITED **羚邦集團有限公司**

(Incorporated in the Cayman Islands with limited liability)
(Stock Code: 2230)

INTERIM RESULTS ANNOUNCEMENT **FOR THE SIX MONTHS ENDED 30 SEPTEMBER 2020**

FINANCIAL HIGHLIGHTS

	Six months ended		
	30 September	2019	Change
	2020	2019	
	(Unaudited)	(Unaudited)	
	HK\$'000	HK\$'000	
Revenue			
— Media Content Distribution Business	117,046	130,265	-10.1%
— Brand Licensing Business	31,957	34,653	-7.8%
Total	149,003	164,918	-9.7%
Gross Profit Margin	48.7%	46.5%	
Profit attributable to shareholders of the Company	25,558	23,855	+7.1%
Interim dividend per share ⁽¹⁾	HK 0.28 cents	HK 0.24 cents	
	30 September	31 March	
	2020	2020	
	(Unaudited)	(Audited)	
	HK\$'000	HK\$'000	
Liquidity ratio			
Current ratio ⁽²⁾	2.9	2.9	
Cash ratio ⁽³⁾	1.2	1.4	
Capital adequacy ratio			
Debt to equity ratio ⁽⁴⁾	N/A	N/A	

(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 27 November 2020.

(2) Current ratio was calculated by dividing the total current assets by the total current liabilities as at the respective dates.

(3) Cash ratio was calculated by dividing the cash and cash equivalents by the total current liabilities as at the respective dates.

(4) The Group did not have any interest-bearing bank and other borrowings. Thus, the debt to equity ratio was not applicable.

MANAGEMENT DISCUSSION AND ANALYSIS

BUSINESS REVIEW AND OUTLOOK

Business Review

During the six months ended 30 September 2020 (the “**Reporting Period**”), the Group’s (means Medialink Group Limited (the “**Company**”) and its subsidiaries, collectively the “**Group**”) business is generally on track with its 5 years strategy (2019–2024) with steady growth and impetus for expansion. Notwithstanding the global impact of COVID-19 and worsening macroeconomics, the Group has largely maintained not only similar level of revenue of the same period in 2019 but also increased the net profit by 7.1% to HK\$25.6 million.

For Media Content Distribution Business, its segment results for the Reporting Period has been impacted by write down of licensed rights to net realisable value, and delay in production and/or delivery because of COVID-19.

For Brand Licensing Business, its segment results for Reporting Period has increased 137.2% from HK\$4.3 million to HK\$10.2 million largely because of the improvement on commission rate and lower amortisation of Brand Licensing contracts.

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

1 Expansion of content distribution network

Our own anime channel Ani-One® is offered in Subscription Video On Demand (SVOD) and Advertisement Supported Video On Demand (AVOD) formats.



For Ani-One® SVOD working with local OTT platforms during the Reporting Period, it has expanded from 6 territories to 8 territories with Indonesia’s sushiroll and Cambodia’s JaiKonTV.

For Ani-One® AVOD via YouTube (<https://bit.ly/2wPEwAA>), there is exponential growth in subscribers’ numbers and viewership. As at 30 September 2020, there were 750,195 subscribers and 57,929,879 views and we broke 1 million subscribers and 81 millions views on 16 November 2020. Other than offering the latest and most popular anime, Ani-One® also produces and offers KOL broadcast sharing on the anime shown on Ani-One® on YouTube, music cover by local musicians and cosplay artists on make-up demonstration.

We launched our first edutainment Ani-Kids™ channel (Ani-Kids™ Facebook <https://www.facebook.com/AniKidsZone/>) on 19 September 2020 on myTV SUPER, a media platform operated by TVB Group. Ani-Kids™ will showcase entertainment and educational contents on science, technology, engineering and mathematics from around the world to bring fun, learning and adventures to kids. Titles include “FOOD Man (FOOD超人)”, “Leo the Truck — Sing with Leo (小卡車利奧 Sing with Leo)”, “Robocar POLI (救援小英雄珀利)”, “HAPPIPLAYGROUND”, “Kawanimals”, “Ninjaboy Rantaro (忍者亂太郎)” and “Kaasan Mom’s Life (每日媽媽)” and “English Tree TV”. Children will be able to learn various values such as love, friendship, trust, forgiveness and consideration.



Other than building our own platforms and distributing content on our own channels, we continue to distribute the best and most popular content to our media network customers across the range from Free TV to Satellite TV to Pay TV then to OTT platforms.

Our Media Content Distribution Business continued to be our key revenue contributor during the Reporting Period, accounting for 78.6% of our revenue.

2 Acquisition of new titles/rights

“Platform is Diamond and Content is King”. Our business is not only dealing with the content but also managing and building on them with innovative concepts and ideas to create value for all.

During the Reporting Period, we continue to focus on acquiring three types of top quality content — anime, drama series and movies. Twelve new anime series were distributed during the Reporting Period and they are: “My Teen Romantic Comedy SNAFU Climax (果然我的青春戀愛喜劇搞錯了。完)”, “Sakura Wars The Animation (新櫻花大戰 the Animation)”, “GLEIPNIR (格萊普尼爾)”, “The Millionaire Detective Balance: UNLIMITED (富豪刑警 Balance: UNLIMITED)”, “Bungo and Alchemist — Gears of Judgement (文豪與煉金術師～審判的齒輪～)”, “The House Spirit Tatami-chan (座敷童子榻榻米醬)”, “SING “YESTERDAY” FOR ME (昨日之歌)”, “Zorori the Naughtier Hero (認真地不認真的怪俠佐羅利)”, “Tower of God (神之塔)”, “GIBIATE (GIBIATE 獵魔武士)”, “Sekai Ichi Hatsukoi — Episode: Proposal (世界第一初戀～求婚篇～)”, and “UMAYON (賽馬娘四格)”. They are popular and well received by our customers and viewers. Although the production of some of the animations was delayed due to COVID-19 hence affecting our acquisition and distribution plans, anime fans’ response was explosive when they were finally released. Worthy to mention is the animation of “The Millionaire Detective Balance: UNLIMITED”. It was released on 5 April 2020, but then after the first two episodes it was stopped because of the delay of the production until it was back on 16 July 2020. Even so, the first episode accumulated 4.4 millions viewerships as of 30 September 2020.



According to Oricon Sales Chart on 16 March 2020, the Group distributed animations based on 4 out of 5 most popular comics published by Shueisha Inc.

For drama series, we will distribute “futmall.com (預支未來)” to a streaming platform globally. We also distributed “Count Your Lucky Stars (我好喜歡你)” to Thailand, Vietnam and Philippines and telecasted in Vietnam.



For movies, while cinemas were closed at various points during the Reporting Period, they were eventually opened with implementation of social distancing requirements. We distributed “MY HERO ACADEMIA: Heroes Rising (我的英雄學院劇場版：英雄新世紀)” in Hong Kong, Taiwan and Macau when the cinemas were opened and surprisingly, it was ranked number one for the gross box office in Taiwan, ticket sales were three times more than when “MY HERO ACADEMIA: Two Heroes (我的英雄學院劇場版：兩個人的英雄)” was presented in 2018, and there was an 85% increase for the gross box office in Hong Kong/Macau. We were also able to tap onto our global network and distributed a RMB300 million production budget movie “Double World (征途)” to Netflix globally. “Double World (征途)” is a movie co-produced by Hong Kong and Mainland China based on a popular online video game with the same name originally planned for exhibition in the cinemas.



3 Strategic content co-investment



The Group's co-investment in its first domestic and Chinese animated series "KIKI & NUNA (奇奇和努娜)" was broadcasted on the China Central Television kid's channel CCTV-14 from 6 November 2020. "KIKI & NUNA (奇奇和努娜)" won the 2020 "Jade Monkey Award" Top Ten Outstanding Animation IP Award (《玉猴獎》十佳新銳動漫IP獎), Outstanding Work of the Anti-epidemic Competition Campaign (抗疫大作戰徵集活動優秀作品) launched by China International Cartoon & Game Expo, and the 2020 Outstanding Emergency Management Public Welfare Publicity for Disaster Prevention Award (2020年優秀應急管理公益宣傳防災減災題材優秀獎). The Group has been granted the content distribution and licensing right globally. The distribution and licensing activities will be conducted globally in early 2021.

Two of the three Hong Kong movies in which the Group co-invested were highlighted in recent local film festivals. "The Shadows (殘影空間)" has its World Premiere in HKIFF (Hong Kong International Film Festival) with its tentative theatrical release in the second quarter of 2021. And "One Second Champion (一秒拳王)" was chosen as the closing movie for HKAFF (Hong Kong Asian Film Festival) with a confirmed local release date on 3 December 2020.

During the Reporting Period, the Group has also co-invested in the first web movie "狄仁杰之焚天異火 (Di Renjie's Inflamed Sky (direct translation))", two drama series "More than Blue TV Series (比悲傷更悲傷的故事影集版)" and "futmall.com (預支未來)". Other than "More Than Blue TV Series (比悲傷更悲傷的故事影集版)", which is in post production, "狄仁杰之焚天異火 (Di Renjie's Inflamed Sky (direct translation))", which is a pure investment, is targeted to release in December 2020 in Mainland China on a streaming platform. "futmall.com (預支未來)" is targeted to release in December 2020 in Mainland China on Youku and outside Mainland China on a global platform. One movie that the Group has co-invested in has delayed production as shooting was planned on a snow-capped mountain and later on production has to be stalled because of COVID-19.

As to the Group's first co-production of "Orenchi no Furo Jijuo (我家浴缸的二三事)", a TV drama series adapted from Japanese manga series, it has received production support from Bureau of Audiovisual and Music Industry Development, Ministry of Culture (文化部影視及流行音樂產業局) and is in pre-production stage.

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

4 Acquisition of licensing brands

Our Brand Licensing Business contributed 21.4% of our total revenue during the Reporting Period.

The Group added two exciting lifestyle brands — Pets Rock and Lychee & Friends.

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



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

Existing strong brand characters including pre-school, international, classic, lifestyle and anime characters are all performing well. For example, during the Reporting Period, the limited edition of Le Petit Prince Octopus Card launched in Hong Kong was sold out in 10 minutes. Popeye's limited-edition art toy figures were sold out during global pre-order in 10 minutes as well. The Group also licensed Japanese anime characters in Taiwan with positive feedbacks. The Group had a Yu-Gi-Oh! pop-up café with merchandise and specially created ice-cream; the Group had a Yu Yu Hakusho ticketed exhibition at Huashan 1914 Creative Park; and the Group held My Hero Academia pop-up stores in different cities of Taiwan while "MY HERO ACADEMIA: Heroes Rising (我的英雄學院劇場版：英雄新世紀)" was shown in cinemas.

5 Expansion on licensing brands rights

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

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

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

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

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

6 Be Hong Kong’s ambassador

Other than co-investing in three Hong Kong movies: (i) “The Shadows (殘影空間)”, a psychological thriller; (ii) “One Second Champion (一秒拳王)”, a motivational drama; and (iii) “Drifting (濁水漂流)”, which talks about the lives of those who live under the flyovers of Sham Shui Po, the Group is the sponsor of the Global University Film Awards (GUFA) 2020 organised by Hong Kong Baptist University and the award ceremony was held on 6 November 2020. GUFA 2020 received over 2,500 short films from students and young film makers from 104 countries and regions globally. The Group sponsored awards on Best Animation, Gold Award and HKBU Academy of Film’s Choice.

7 New investments and new business



周邊精品購物網

The Group has accelerated the launch of its first e-commerce platform Ani-Mall™ (<https://www.ani-mall.asia/>) which provides products ranging from anime accessories, collectible items, stationery and plush toys from the most popular anime series including “My Hero Academia (我的英雄學院)”, “Haikyuu!! (排球少年!!)”, “Dr.STONE”, “Gintama (銀魂)” and “The Promised Neverland (約定的夢幻島)” offered by the Group. The first pre-sell ticket bundle of our distributed anime movie “Violet Evergarden The Movie (劇場版紫羅蘭永恆花園)” sold on Ani-Mall™ was very popular with our customers. The Group will keep adding new products and different promotion campaigns to Ani-Mall™.

Awards

The Group was awarded by Enterprise Asia on 20 November 2020 The Asia Pacific Enterprise Award — Corporate Excellence Category in media and entertainment industry for demonstrating sustainable growth, responsible leadership and operational excellence. Our Chairman and CEO was also awarded on 16 November 2020 “The GBA Outstanding Women Entrepreneur Awards 2020” jointly organised by Hong Kong Small and Medium Enterprises Association and FM104 Metro Finance in recognition of her distinguished achievement and contribution to the media industry in society in the Guangdong Hong Kong Macau the Greater Bay Area.

Our existing contents and brands with effective licence:

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

Number of active titles of media contents and brands available

	As at 30 September 2020	As at 31 March 2020
Number of media content titles available	470	431
Number of brands available	132	87

BUSINESS OUTLOOK AND FUTURE PLANS

With COVID-19 continues unabated and global economy seriously hampered and impacted, we maintain our strong business and financial discipline against the tide with optimism and believe that the only way out is to learn to live with COVID-19 and look for opportunities amidst the pandemic crisis. Many activities have indeed been affected with lock down and social distancing requirements but online activities from online conferences and exhibitions to e-commerce sales have skyrocketed. We believe our 5 years strategy is heading in the right direction capable to tap into the stay home economy and continue with the realignment and enhancement on our eco-system ensuring its sustainability, connectivity and profitability.

The Group will continue to accelerate the development on e-commerce platform in different territories and will proactively develop opportunities in strategic partnerships, alliances and acquisitions.

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

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

- Bring our platforms to Asia and expand the existing content distribution network.
- Expand the e-commerce platform to Asia.
- Develop new e-commerce platforms.

2 Expand our strategic content and brand investments

- Expand our investments in our own IPs such as animated series, movies, TV series, characters and brands crossing over for IP commercialisation. Our invested animated series of “KIKI & NUNA (奇奇和努娜)” will commence broadcasting globally with distribution and licensing activities in early 2021. We will continue to collaborate with licensors and help them grow their brands by conducting different creative programmes.
- Co-produce “Orenchi no Furo Jijuo (我家浴缸的二三事)”, a TV drama series adapted from Japanese manga series and build its brand by conducting different creative programmes.
- Continue to serve as an ambassador of Hong Kong contents and brands, including local co-production of movies, drama series and brands. We will utilise our expertise or invest to help promote media contents and brands created in Hong Kong to international markets.

3 Venture into new businesses

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

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 2019 as set out below.

CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS

		Six months ended 30 September	
		2020	2019
		(Unaudited)	(Unaudited)
	Notes	HK'000	HK'000
REVENUE	4	149,003	164,918
Cost of sales		<u>(76,474)</u>	<u>(88,261)</u>
Gross profit		72,529	76,657
Other income and gains, net	5	5,056	2,094
Selling and distribution expenses		(16,454)	(17,414)
General and administrative expenses		(21,757)	(30,656)
Other expenses, net		(9,019)	(440)
Finance cost		<u>(73)</u>	<u>(59)</u>
PROFIT BEFORE TAX	6	30,282	30,182
Income tax expense	7	<u>(4,724)</u>	<u>(6,327)</u>
PROFIT FOR THE PERIOD		<u><u>25,558</u></u>	<u><u>23,855</u></u>
Attributable to:			
Shareholders of the Company		<u><u>25,558</u></u>	<u><u>23,855</u></u>
EARNINGS PER SHARE ATTRIBUTABLE TO SHAREHOLDERS OF THE COMPANY	9		
Basic		HK 1.3 cents	HK 1.3 cents
Diluted		<u><u>HK 1.3 cents</u></u>	<u><u>HK 1.3 cents</u></u>

CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

	Six months ended 30 September	
	2020	2019
	(Unaudited)	(Unaudited)
	HK\$'000	HK\$'000
PROFIT FOR THE PERIOD	25,558	23,855
OTHER COMPREHENSIVE LOSS		
Other comprehensive loss that may be reclassified to profit or loss in subsequent periods:		
Exchange differences on translation of foreign operations	(253)	(373)
TOTAL COMPREHENSIVE INCOME FOR THE PERIOD	<u>25,305</u>	<u>23,482</u>
Attributable to:		
Shareholders of the Company	<u>25,305</u>	<u>23,482</u>

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 30 September 2020

		30 September 2020 (Unaudited) <i>Notes</i> HK\$'000	31 March 2020 (Audited) HK\$'000
Non-Current Assets			
Property, plant and equipment		8,955	10,473
Goodwill		29,709	29,709
Intangible assets		10,242	11,831
Investments in media contents		35,985	25,083
Deposits		198	542
		85,089	77,638
Current Assets			
Licensed assets		192,803	148,430
Inventories		427	—
Trade receivables	10	164,508	149,590
Prepayments, deposits and other receivables		5,730	3,746
Tax recoverable		22,097	19,279
Cash and cash equivalents		260,671	298,047
		646,236	619,092
Current Liabilities			
Trade payables	11	142,034	133,943
Accruals and other payables		54,716	47,709
Lease liabilities		2,203	2,999
Contract liabilities		21,418	26,726
Dividend payables		4,183	—
Tax payable		1,627	591
		226,181	211,968
Net Current Assets		420,055	407,124
Total Assets Less Current Liabilities		505,144	484,762

		30 September	31 March
		2020	2020
		(Unaudited)	(Audited)
	<i>Notes</i>	HK\$'000	HK\$'000
Non-Current Liabilities			
Lease liabilities		544	1,114
Deferred tax liabilities		22	70
		566	1,184
Net Assets		504,578	483,578
Equity			
Share capital	12	19,920	19,920
Reserves		484,658	463,658
Total Equity		504,578	483,578

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 have been listed on the Main Board of The Stock Exchange of Hong Kong Limited (the “**Stock Exchange**”) since 21 May 2019 (the “**Listing**”).

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

- media content distribution and investments in media content production (“**Media Content Distribution Business**”)
- brand licensing (“**Brand Licensing Business**”)

2.1 BASIS OF PREPARATION

The interim condensed financial information for the six months ended 30 September 2020 has been prepared in accordance with Hong Kong Accounting Standard (“**HKAS**”) 34 *Interim Financial Reporting* issued by the Hong Kong Institute of Certified Public Accountants (the “**HKICPA**”). The interim condensed consolidated financial information does not include all the information and disclosures required in the annual financial statements, and should be read in conjunction with the Group’s consolidated financial statements for the year ended 31 March 2020.

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

2.2 CHANGES IN ACCOUNTING POLICIES AND DISCLOSURES

The accounting policies adopted in the preparation of the interim condensed consolidated financial information are consistent with those applied in the preparation of the Group's annual consolidated financial statements for the year ended 31 March 2020, except for the adoption of the following revised Hong Kong Financial Reporting Standards ("HKFRSs"), which also include HKASs and interpretations, that the Group has adopted for the first time for the current period's financial information:

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

- (a) Amendments to HKFRS 3 clarify and provide additional guidance on the definition of a business. The amendments clarify that for an integrated set of activities and assets to be considered a business, it must include, at a minimum, an input and a substantive process that together significantly contribute to the ability to create output. A business can exist without including all of the inputs and processes needed to create outputs. The amendments remove the assessment of whether market participants are capable of acquiring the business and continue to produce outputs. Instead, the focus is on whether acquired inputs and acquired substantive processes together significantly contribute to the ability to create outputs. The amendments have also narrowed the definition of outputs to focus on goods or services provided to customers, investment income or other income from ordinary activities. Furthermore, the amendments provide guidance to assess whether an acquired process is substantive and introduce an optional fair value concentration test to permit a simplified assessment of whether an acquired set of activities and assets is not a business. The Group has applied the amendments prospectively to transactions or other events that occurred on or after 1 April 2020. The amendments do not have any impact on the financial position and performance of the Group.
- (b) Amendments to HKFRS 9, HKAS 39 and HKFRS 7 address the effects of interbank offered rate reform on financial reporting. The amendments provide temporary reliefs which enable hedge accounting to continue during the period of uncertainty before the replacement of an existing interest rate benchmark. In addition, the amendments require companies to provide additional information to investors about their hedging relationships which are directly affected by these uncertainties. The Group has applied the amendments prospectively. The amendments do not have any impact on the financial position and performance of the Group as the Group does not have any interest rate hedge relationships.

- (c) Amendments to HKAS 1 and HKAS 8 provide a new definition of material. The new definition states that information is material if omitting, misstating or obscuring it could reasonably be expected to influence decisions that the primary users of general purpose financial statements make on the basis of those financial statements. The amendments clarify that materiality will depend on the nature or magnitude of information. The Group has applied these amendments prospectively. The amendments do not have any impact on the Group's interim condensed consolidated financial information.

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 2020 (Unaudited)

	Media content distribution HK\$'000	Brand licensing HK\$'000	Total HK\$'000
Segment revenue:			
Sales to external customers	117,046	31,957	149,003
Segment results	27,161	10,221	37,382
<i>Reconciliation:</i>			
Interest income and unallocated gains			3,107
Depreciation			(2,272)
Other corporate and unallocated expenses			(7,935)
Profit before tax			30,282
As at 30 September 2020 (Unaudited)			
Segment assets	375,421	62,486	437,907
<i>Reconciliation:</i>			
Corporate and other unallocated assets			293,418
Total assets			731,325
Segment liabilities	153,266	53,171	206,437
<i>Reconciliation:</i>			
Corporate and other unallocated liabilities			20,310
Total liabilities			226,747

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 on 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 31 March 2020 (Audited)			
Segment assets	300,075	66,495	366,570
<i>Reconciliation:</i>			
Corporate and other unallocated assets			<u>330,160</u>
Total assets			<u>696,730</u>
Segment liabilities	148,566	50,176	198,742
<i>Reconciliation:</i>			
Corporate and other unallocated liabilities			<u>14,410</u>
Total liabilities			<u>213,152</u>

4. REVENUE

	Six months ended 30 September	
	2020	2019
	(Unaudited)	(Unaudited)
	HK\$'000	HK\$'000
Major product or service lines		
<i>Media Content Distribution Business</i>		
Distribution of licensed media contents	101,786	122,206
Distribution of feature films	15,260	8,059
	<u>117,046</u>	<u>130,265</u>
<i>Brand Licensing Business</i>		
Sub-licensing of brands	18,075	18,489
Provision of licensing agency services	13,182	13,700
Sales of merchandise	700	2,464
	<u>31,957</u>	<u>34,653</u>
	<u>149,003</u>	<u>164,918</u>

	Six months ended 30 September	
	2020	2019
	(Unaudited)	(Unaudited)
	HK\$'000	HK\$'000
Geographical locations		
<i>Media Content Distribution Business</i>		
Mainland China	67,450	96,081
United States	18,345	2,747
Taiwan	9,429	2,562
Philippines	6,988	1,078
Hong Kong	6,241	19,553
Singapore	3,484	168
Thailand	2,466	2,318
Others*	2,643	5,758
	<u>117,046</u>	<u>130,265</u>
<i>Brand Licensing Business</i>		
Japan	6,185	2,156
United States	5,886	8,272
France	4,773	2,873
Mainland China	4,428	6,774
Hong Kong	4,123	6,676
Taiwan	2,259	2,578
Thailand	1,269	1,820
United Kingdom	1,069	1,965
Others	1,965	1,539
	<u>31,957</u>	<u>34,653</u>
	<u>149,003</u>	<u>164,918</u>

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

	Six months ended	
	30 September	
	2020	2019
	(Unaudited)	(Unaudited)
	HK\$'000	HK\$'000
Timing of revenue recognition		
<u>At a point in time</u>		
<i>Media Content Distribution Business</i>		
Distribution of licensed media contents	101,786	122,206
Distribution of feature films	15,260	8,059
	117,046	130,265
<i>Brand Licensing Business</i>		
Sub-licensing of brands	7,469	6,252
Provision of licensing agency services	3,381	2,773
Sales of merchandise	700	2,464
	11,550	11,489
	128,596	141,754
<u>Over time</u>		
<i>Brand Licensing Business</i>		
Sub-licensing of brands	10,606	12,237
Provision of licensing agency services	9,801	10,927
	20,407	23,164
	149,003	164,918

5. OTHER INCOME AND GAINS, NET

	Six months ended 30 September	
	2020	2019
	(Unaudited)	(Unaudited)
	HK\$'000	HK\$'000
<i>Other income and gains</i>		
Bank interest income	927	1,874
Gain on disposal of items of property, plant and equipment	—	120
Foreign exchange differences, net	2,179	—
Government subsidies (<i>note</i>)	1,811	—
Others	139	100
	<u>5,056</u>	<u>2,094</u>

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

6. PROFIT BEFORE TAX

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

	Six months ended 30	
	September	
	2020	2019
	(Unaudited)	(Unaudited)
	HK\$'000	HK\$'000
Cost of goods sold and services rendered	73,334	83,269
Listing-related expenses	—	4,514
Depreciation:		
Right-of-use assets	1,693	1,041
Other items of property, plant and equipment	579	635
	2,272	1,676
Amortisation of intangible assets [#]	3,177	5,019
Lease payments not included in the measurement of lease liabilities	92	529
Employee benefit expense (including directors' and chief executive's remuneration):		
Salaries, wages, allowances and bonuses	23,634	24,216
Pension scheme contributions (defined contribution schemes)	1,124	1,519
Share-based payment expense	145	—
	24,903	25,735
Foreign exchange differences, net	(2,179)	896
Impairment of trade receivables*	892	322
Reversal of impairment of trade receivables*	(319)	(543)
Write-off of trade receivables*	—	8
Impairment of intangible assets*	378	—
Write-down/(reversal of write-down) of licensed rights to net realisable value, net*	8,068	(242)
Interest on lease liabilities	73	59

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

[#] Included HK\$2,848,000 (six months ended 30 September 2019: HK\$1,603,000) and HK\$292,000 (six months ended 30 September 2019: HK\$3,389,000) related to amortisation of media content commercial rights and brand licensing contracts, respectively, which are included in "cost of sales" on the face of the condensed consolidated statement of profit or loss.

7. INCOME TAX

Hong Kong profits tax has been provided at the rate of 16.5% (six months ended 30 September 2019: 16.5%) on the estimated assessable profits arising in Hong Kong during the period, except for one subsidiary of the Group which is a qualifying entity under the two-tiered profits tax rates regime. Taxes on profits assessable elsewhere have been calculated at the rates of tax prevailing in the countries/jurisdictions in which the Group operates.

	Six months ended 30	
	September	
	2020	2019
	(Unaudited)	(Unaudited)
	HK\$'000	HK\$'000
Current — Hong Kong		
Charge for the period	4,611	6,586
Underprovision in prior years	94	—
Current — Elsewhere		
Charge for the period	67	288
Underprovision in prior years	—	12
Deferred	(48)	(559)
	<hr/>	<hr/>
Total tax charge for the period	<u>4,724</u>	<u>6,327</u>

8. DIVIDENDS

	Six months ended 30	
	September	
	2020	2019
	(Unaudited)	(Unaudited)
	HK\$'000	HK\$'000
Dividends declared and recognised as distribution during the Reporting Period:		
Final dividend for year ended 31 March 2020 — HK 0.21 cents (year ended 31 March 2019: HK 1.3 cents) per ordinary share	4,183	25,896
	<hr/>	<hr/>

Six months ended 30 September	
2020	2019
(Unaudited)	(Unaudited)
HK\$'000	HK\$'000

Dividend proposed after the end of the Reporting
Period:

Proposed interim dividend for year ending 31

March 2021 — HK 0.28 cents (year ended 31

March 2020: HK 0.24 cents) per ordinary share

5,578

4,800

The interim dividend for the year ending/ended 31 March 2021 and 2020 was not recognised as a liability as at 30 September 2020 and 2019, respectively because it has been declared after the end of the Reporting Period.

9. EARNINGS PER SHARE ATTRIBUTABLE TO SHAREHOLDERS OF THE COMPANY

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

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

No adjustment has been made to the basic earnings per share presented for six months ended 30 September 2020 and 2019 as the Group had no potentially diluted ordinary shares in issue during those periods.

10. TRADE RECEIVABLES

	As at 30 September 2020 (Unaudited) HK\$'000	As at 31 March 2020 (Audited) HK\$'000
Billed receivables	113,689	142,064
Unbilled receivables	<u>61,983</u>	<u>18,367</u>
	175,672	160,431
Less: Allowance for impairment	<u>(11,164)</u>	<u>(10,841)</u>
	<u>164,508</u>	<u>149,590</u>

The Group's trading terms with its customers are mainly on credit. For the Media Content Distribution Business, the payment terms with each customer are generally of two to four payments with the first payment usually due upon the submission of the letter of authorisation relating to the media content to the customer. The credit periods generally range from 30 to 45 working days after the payment milestone as specified in the underlying contracts. For the Brand Licensing Business, the payment terms are generally of one to two payments with the first payment usually due upon the execution of the contracts. The credit period is generally 30 days after the payment milestone as specified in the underlying contracts.

The Group seeks to maintain strict control over its outstanding receivables as overdue balances are reviewed regularly by senior management. The Group does not hold any collateral or other credit enhancements over its trade receivable balances. Trade receivables are non-interest-bearing.

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

	As at 30 September 2020 (Unaudited) HK\$'000	As at 31 March 2020 (Audited) HK\$'000
Within 30 days	24,161	2,461
31 to 60 days	6,867	5,825
61 to 90 days	7,194	1,395
91 to 180 days	5,079	74,576
181 to 365 days	36,288	31,237
Over 365 days	34,100	26,570
	<u>113,689</u>	<u>142,064</u>

11. TRADE PAYABLES

	As at 30 September 2020 (Unaudited) HK\$'000	As at 31 March 2020 (Audited) HK\$'000
Unbilled	70,134	77,739
Billed	71,900	56,204
	<u>142,034</u>	<u>133,943</u>

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

	As at 30 September 2020 (Unaudited) HK\$'000	As at 31 March 2020 (Audited) HK\$'000
Within 30 days	5,648	8,442
31 to 90 days	29,053	23,692
Over 90 days	37,199	24,070
	<u>71,900</u>	<u>56,204</u>

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

The unbilled trade payables relate to royalty amounts that are payables but not yet invoiced by licensors. These amounts are calculated based on the royalty rates as stipulated in the respective licensing contracts.

12. ISSUED CAPITAL

	As at 30 September 2020 (Unaudited) HK\$'000	As at 31 March 2020 (Audited) HK\$'000
Authorised:		
5,000,000,000 ordinary shares of HK\$0.01 each	<u>50,000</u>	<u>50,000</u>
Issued and fully paid:		
1,992,000,000 ordinary shares of HK\$0.01 each	<u>19,920</u>	<u>19,920</u>

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:			
At 1 April 2019		38,000,000	380
Increase of 4,962,000,000 ordinary shares of HK\$0.01 each on 12 April 2019	(a)	<u>4,962,000,000</u>	<u>49,620</u>
At 31 March 2020, 1 April 2020 and 30 September 2020		<u>5,000,000,000</u>	<u>50,000</u>
Issued and fully paid:			
At 1 April 2019		1	—
Capitalisation issue of 1,493,999,999 ordinary shares of HK\$0.01 each on 21 May 2019	(b)	1,493,999,999	14,940
Issuance of 498,000,000 ordinary shares of HK\$0.01 each on 21 May 2019	(c)	<u>498,000,000</u>	<u>4,980</u>
At 31 March 2020, 1 April 2020 and 30 September 2020		<u>1,992,000,000</u>	<u>19,920</u>

Notes:

- (a) Pursuant to the written resolutions of the sole shareholder of the Company passed on 12 April 2019, the authorised share capital of the Company was increased from HK\$380,000 divided into 38,000,000 shares of a par value of HK\$0.01 each to HK\$50,000,000 divided into 5,000,000,000 shares of a par value of HK\$0.01 each, by the creation of an additional 4,962,000,000 shares with a par value of HK\$0.01 each. The 4,962,000,000 new shares shall rank pari passu in all respects with the existing issued shares of the Company.
- (b) Pursuant to the written 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 (c) below.
- (c) In connection with the Company's initial public offering, 498,000,000 ordinary shares of par value of HK\$0.01 each were issued at a price of HK\$0.45 per share for a total cash consideration, before share issue expenses, of approximately HK\$224,100,000. 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 2020, the Group's total revenue reached HK\$149.0 million, representing a year on year decrease of HK\$15.9 million or 9.7%, due to slight decrease in the revenue generated from both Media Content Distribution Business and Brand Licensing Business. Such decrease was primarily due to the global impact of COVID-19 and worsening macroeconomics.

Media Content Distribution Business was the Group's major source of revenue, contributing 78.6% (six months ended 30 September 2019: 79.0%) of the Group's total revenue for the six months ended 30 September 2020. Revenue derived from Media Content Distribution Business decreased slightly by 10.1% to HK\$117.0 million during the Reporting Period.

Revenue derived from Brand Licensing Business decreased slightly by 7.8% to HK\$32.0 million during the Reporting Period.

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 HK\$11.8 million or 13.4% to HK\$76.5 million for the six months ended 30 September 2020. 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 2020 amounted to HK\$72.5 million, representing a decrease of HK\$4.1 million or 5.4% as compared to the same period in 2019, mainly due to the decrease in revenue. Meanwhile, the Group's gross profit margin increased by 2.2 percentage points to 48.7%.

Other Income and Gains

The Group's other income and gains increased by HK\$3.0 million or 142.9% to HK\$5.1 million for the six months ended 30 September 2020. The increase was mainly due to (i) HK\$1.7 million arisen from government subsidies under the Anti-epidemic Fund in Hong Kong, and (ii) a net foreign exchange gain in the period mainly resulting from the appreciation of TWD and RMB against HKD. The increase was partially offset by a decrease in bank interest income.

Selling and Distribution Expenses

The Group's selling and distribution expenses for the Reporting Period amounted to HK\$16.5 million, representing a decrease of HK\$0.9 million or 5.2% when compared to the same period of last year. Such decrease was mainly due to a decrease in travelling expenses. As extensive travel restrictions were in place, overseas travelling was avoided during the Reporting Period.

General and Administrative Expenses

The Group's general and administrative expenses for the six months ended 30 September 2020 amounted to HK\$21.8 million, representing a decrease of HK\$8.9 million or 29.0% when compared to the same period of last year. The decrease was primarily due to a decrease in one-off listing-related expenses and donation, and professional and other expenses during the Reporting Period.

Other Expenses

The Group's other expenses, net for the six months ended 30 September 2020 amounted to HK\$9.0 million, representing an increase of HK\$8.6 million when compared to the same period of last year. The increase was primarily due to the write-down of certain licensed rights to net realisable value recognised during the Reporting Period.

Income Tax Expenses

The Group's income tax expense decreased by approximately HK\$1.6 million or 25.4% primarily due to the decrease in assessable profits. The effective tax rate was 15.6% and 21.0% for the six months ended 30 September 2020 and the six months ended 30 September 2019, respectively, caused by the decrease of non-deductible expenses during the Reporting Period.

Profit for the Period

As a result of the foregoing, the Group's profit for the Reporting Period increased by HK\$1.7 million or 7.1% to HK\$25.6 million. Net profit margin increased from 14.5% to 17.2%.

Profit Attributable to Shareholders of the Company

Profit attributable to shareholders of the Company amounted to HK\$25.6 million (six months ended 30 September 2019: HK\$23.9 million), representing an increase of 7.1%.

LIQUIDITY, FINANCIAL RESOURCES AND GEARING RATIO

As at 30 September 2020, the Group's current ratio was 2.9, broadly the same as at 31 March 2020 and the Group had cash and bank balances of HK\$260.7 million (As at 31 March 2020: HK\$298.0 million), most of which were denominated in US dollars and HK dollars. The decrease in balance was due to cash outflow for investments in media content and purchase of media content commercial rights.

As at 31 March and 30 September 2020, 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 2020.

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 2019 and 2020.

CAPITAL STRUCTURE

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

MATERIAL ACQUISITIONS AND DISPOSALS OF SUBSIDIARY

There was no acquisitions or disposals of subsidiary during the six months ended 30 September 2020.

PLEDGE OF ASSETS

As at 30 September 2020, none of the assets of the Group were pledged (as at 31 March 2020: Nil).

EMPLOYEES

As at 30 September 2020, our Group had an aggregate of 101 employees (as at 31 March 2020: 99 employees) in Hong Kong, Mainland China, Taiwan, Singapore, Malaysia and Indonesia.

REMUNERATION POLICY

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

SHARE AWARD SCHEME

On 6 February 2020, the Board adopted the share award scheme (the “**Share Award Scheme**”) to reward the eligible persons for their past, present or expected contribution and loyalty to the Group and align their interests with those of the shareholders through the grant of Award. The Share Award Scheme does not constitute a share option scheme pursuant to Chapter 17 of the Rules Governing the Listing of Securities on the Stock Exchange (the “**Listing Rules**”).

During the Reporting Period, a total of 1,255,000 award shares were granted to certain employees of the Company, among which 150,000 award shares were vested to the relevant grantees on 31 July 2020, and 1,105,000 award shares were vested to the relevant grantees on 2 September 2020. The award shares granted above were satisfied by shares purchased by the trustee from the market at the expense of the Company. For details, please refer to the announcements of the Company dated 17 July 2020 and 2 September 2020.

CAPITAL COMMITMENTS

As at 30 September 2020, our Group did not have any significant capital commitment (as at 31 March 2020: Nil).

USE OF PROCEEDS FROM LISTING

After deduction of the underwriting fees and commissions and expenses payable by the Company in connection with the global offering, the net proceeds from issuance of the shares of the Company in connection with the Listing (the “**Net Proceeds**”) were HK\$185.9 million. As at the date of this announcement, the Company does not anticipate any change to its plan on the use of proceeds as stated in the prospectus of the Company dated 30 April 2019 (the “**Prospectus**”).

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

During the period from the Listing Date to 30 September 2020, 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 2020 HK\$'000	Unutilised amount as at 30 September 2020 HK\$'000
Strengthen media content portfolio	101,781	(43,926)	57,855
Expand our Brand Licensing Business	32,572	(852)	31,720
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	(10,725)	6,969
Expand media content team, brand licensing team and expand workforce and enhance back office support	8,691	(998)	7,693
Use for our general working capital	<u>12,283</u>	<u>(12,283)</u>	<u>—</u>
	<u>185,878</u>	<u>(68,784)</u>	<u>117,094</u>

Note 1: The planned amount of use of Net Proceeds has been adjusted in the same proportion and same manner as stated in the Prospectus due to the difference between the estimated net proceeds and the actual net proceeds.

Note 2: The unutilised amount as at 30 September 2020 is expected to be utilised in the years ended 31 March 2021 and 2022.

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

INTERIM DIVIDEND

The Board has declared an interim dividend of HK 0.28 cents per share for the six months ended 30 September 2020 payable to the shareholders of the Company (the “**Shareholders**”) whose names appear on the register of members of the Company on Thursday, 24 December 2020. The interim dividend is expected to be paid to the Shareholders on Tuesday, 19 January 2021.

CLOSURE OF REGISTER OF MEMBERS

For determining the entitlement to the interim dividend for the six months ended 30 September 2020, the register of members of the Company will be closed from Tuesday, 22 December 2020 to Thursday, 24 December 2020, 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 2020, all completed transfer forms, duly accompanied by the relevant share certificates, must be lodged with our Company’s branch share registrar and transfer office in Hong Kong, Tricor Investor Services Limited, at Level 54, Hopewell Centre, 183 Queen’s Road East, Hong Kong, for registration not later than 4:30 p.m. on Monday, 21 December 2020.

COMPLIANCE WITH THE RELEVANT LAWS AND REGULATIONS

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

PUBLIC FLOAT

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

CORPORATE GOVERNANCE PRACTICES

Our Company has adopted the code provisions as set out in Corporate Governance Code and Corporate Governance Report contained Appendix 14 to the Listing Rules (the “**CG Code**”) as its own code of corporate governance. For the six months ended 30 September 2020 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

During the Reporting Period, neither our Company nor any of our subsidiaries purchased, sold or redeemed any of our Company's listed shares, except that the trustee of the Share Award Scheme purchased a total of 2,250,000 shares of the Company on the market for the purpose of the Share Award Scheme and the grant of the award shares.

MODEL CODE FOR SECURITIES TRANSACTIONS BY DIRECTORS

Our Company has adopted the Model Code for Securities Transactions by Directors of Listed Issuers (the “**Model Code**”) as set out in Appendix 10 to the Listing Rules as the Group's code of conduct regarding Directors' securities transactions.

Specific enquiry has been made of all the Directors and the Directors have confirmed that they have complied with the Model Code for the six months ended 30 September 2020 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

On 6 October 2020, Ms. Chiu Siu Yin Lovinia, the controlling shareholder of the Company, has executed a transfer document to transfer 59,760,000 shares of the Company via her wholly-owned company, RLA Company Limited, at nil consideration as a gift to the pool of shares for the benefit of the Share Award Scheme. For details, please refer to the announcement of the Company dated 6 October 2020.

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 2020.

The Company's auditor, Ernst & Young, has reviewed the unaudited consolidated interim results of the Group for the six months ended 30 September 2020 in accordance with Hong Kong Standard on Review Engagement 2410 "Review of Interim Financial Information Performed by the Independent Auditor of the Entity" issued by the Hong Kong Institute of Certified Public Accountants.

PUBLICATION OF INTERIM RESULTS AND INTERIM REPORT

This interim results announcement is published on the websites of the Stock Exchange (www.hkexnews.hk) and the Company (www.medialink.com.hk). The interim report of the Company for the six months ended 30 September 2020 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, 27 November 2020

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

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

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