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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)

ANNUAL RESULTS ANNOUNCEMENT
FOR THE YEAR ENDED 31 MARCH 2023

FINANCIAL HIGHLIGHTS			
Financial overview	Year ended 31 March/as at 31 March		Change
	2023	2022	
	HK\$'000	HK\$'000	
Revenue			
— Media Content Distribution Business	314,198	275,809	+13.9%
— Brand Licensing Business	159,701	122,067	+30.8%
Total	473,899	397,876	+19.1%
Gross profit margin	48.1%	49.7%	
Profit attributable to shareholders of the Company ("Shareholders")	47,523	42,426	+12.0%
Proposed final dividend per share ⁽¹⁾	HK 0.42 cent	HK 0.35 cent	
Liquidity ratio			
Current ratio ⁽²⁾	2.5	2.4	
Cash ratio ⁽³⁾	0.8	0.9	
Capital adequacy ratio			
Debt to equity ratio ⁽⁴⁾	N/A	N/A	
<i>(1) Proposed final dividend per share was calculated by dividing proposed final dividend by the number of Company's ordinary shares of 1,992,000,000 in issue as at the date of the announcement on 30 June 2023 and 29 June 2022, respectively.</i>			
<i>(2) Current ratio was calculated by dividing the total current assets by the total current liabilities as at the respective dates.</i>			
<i>(3) Cash ratio was calculated by dividing the cash and cash equivalents by the total current liabilities as at the respective dates.</i>			
<i>(4) The Group did not have any interest-bearing nor external borrowings. Thus the debt to equity ratio was not applicable.</i>			

ANNUAL RESULTS

The board of directors (the “**Board**”) of Medialink Group Limited (the “**Company**”) announces the consolidated annual results of the Company and its subsidiaries (collectively, “**Medialink Group**” or the “**Group**”) for the year ended 31 March 2023 (the “**Year**” or the “**Reporting Period**”) together with the comparative figures for the year ended 31 March 2022.

CHAIRMAN’S STATEMENT

Dear Shareholders,

「借力打力 融而為一」

As the Group steps into the fourth year after the Company’s listing in May 2019 (the “**Listing**”) and is working on the next five-year corporate strategy to be announced in 2024, I am pleased to report that the Group has continuously trended upwards with double-digit growth both in revenue (19.1%) and net profit (12.0%), ahead of the forecasted and actual gross domestic product (“**GDP**”) in the region¹, for the Reporting Period.

I am grateful to the dedication of our colleagues in Hong Kong and across the region, the trust of our partners, and the shared vision of creativity and future in intellectual property (“**IP**”) management in Asia. With the boosting in consumption, tourism and investment after removal of pandemic restrictions, the Asian Development Bank (ADB) forecasts faster growth for developing economies in Asia and the Pacific, with developing Asia expected to grow 4.6% in 2023 and 5.1% in 2024, the Mainland 5.0% in 2023 and 4.5% in 2024, and India 6.4% in 2023 and 6.7% in 2024². I believe that our double-digit growth strategy will guide us tapping to the upward and positive outlook for the next two years.

The Group reached a significant milestone in February 2023. Our subsidiary Whateversmiles Corporation in Japan has been appointed by POMASE, which the Group has represented in China and Asia since 2005, as the exclusive master agent for Le Petit Prince for Japan for five years starting on 1 January 2023. Having been working with so many licensors from around the world and particularly in Japan, the expansion of the Group in Japan will help us having even closer connection with our Japanese partners.

¹ According to the Asian Development Outlook 2023 released by the Asian Development Bank on 6 April 2022, the GDP of most of developing Asia, where the Group operates, will expand by 5.2% in 2022 and 5.3% in 2023 with China forecasted to grow 5.0% in 2022 and 4.8% in 2023 and South Asian economies expand collectively by 7.0% in 2022 and 7.4% in 2023 (<https://www.adb.org/news/developing-asia-economies-set-grow-5-2-year-amid-global-uncertainty>)

² <https://www.adb.org/news/adb-forecasts-4-8-growth-asia-and-pacific-2023-and-2024#:~:text=Economies%20in%20Asia%20and%20the%20Pacific%20are%20projected%20to%20grow,year%20and%205.1%25%20in%202024.>

I am also excited to welcome a new member to the Group. We have completed in February 2023 the acquisition of a 49% equity interest in Sunrise eMarketing Limited (“**Sunrise**”). It has operations in Hong Kong and Mainland China engaging in animate product development, manufacturing, ecommerce, online and offline marketing. This is our first merger and acquisition (“**M&A**”), as envisioned and outlined in our five-year (2019–2024) corporate strategy, and we continue to look for opportunities to acquire and work with others in the region, leverage our strengths, expand on our footprints and maximise our opportunities and returns.

We believe a shared future of mankind is about building a world of shared prosperity and promoting common development of all countries. Culture exchange with openness and inclusiveness is the key. My team and the Group have been engaged in managing intellectual property rights on media content and brand licensing for over 30 years. Not only is the Group playing an ever-more important role as Hong Kong develops into the regional intellectual property trading centre, outlined in the “14th Five-Year Plan for National Economic and Social Development of the People’s Republic of China and the Long-Range Objectives Through the Year 2035”, the Group is also looking towards bringing positive culture exchanges through media content and brand licensing.

As of 31 March 2023, the Group has 656 active titles of media contents and 260 brands available for Asia Pacific, and the Group will continue to acquire good quality contents and brands and invest into its own content and brands.

The Group’s long-term dividend policy is to share the fruits of our hard work with all Shareholders, while efficiently utilising the Group’s resources to expand business and improve profitability, leading to value creation and sustainable growth. I am therefore pleased to report that a final dividend of HK 0.42 cent per share was proposed for the Reporting Period. Including the interim dividend of HK 0.70 cent per share distributed during the Reporting Period, the total dividends for the Reporting Period is HK 1.12 cents per share, representing a distribution of approximately 47% of the Group’s profit attributable to Shareholders.

I take this opportunity to thank my colleagues for their dedication and commitment to the vision, values and mission of the Group. I also thank you on behalf of the Board and the Group for your support as our Shareholders sharing our strategic vision for the Group.

Chiu Siu Yin Lovinia
Chairman and Executive Director

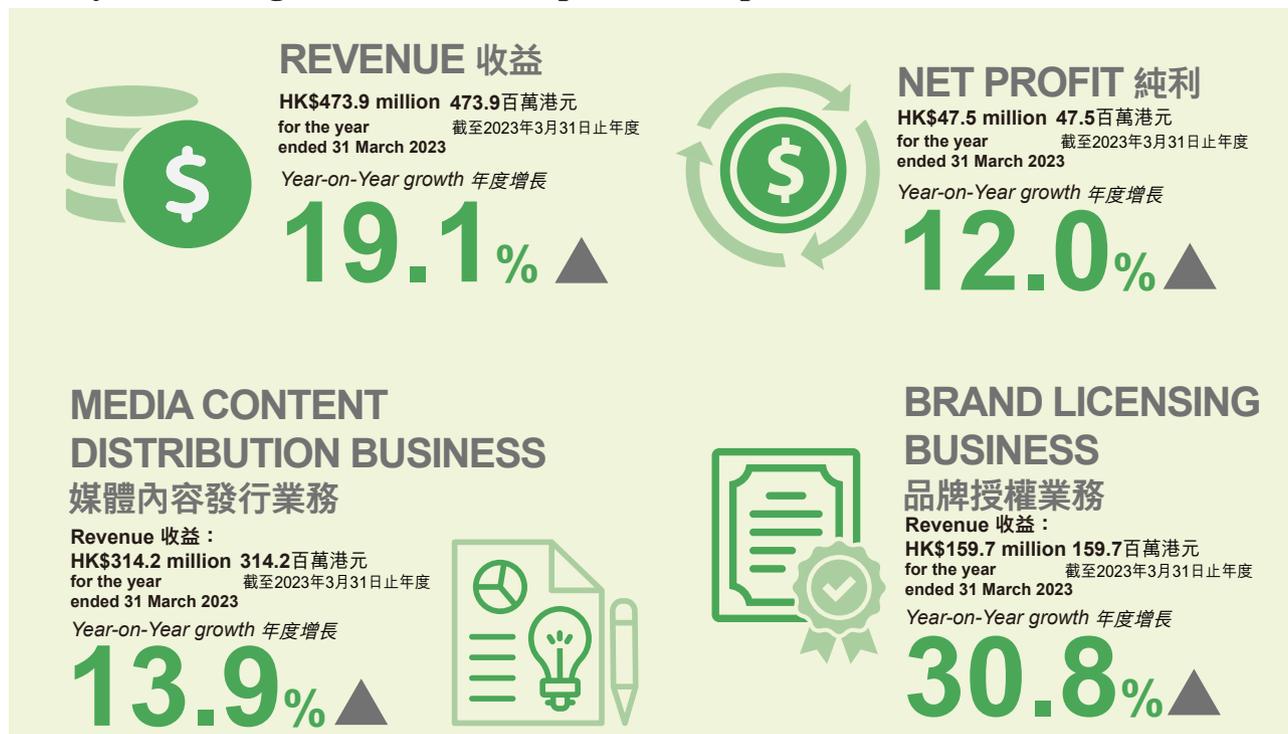
30 June 2023

MANAGEMENT DISCUSSION AND ANALYSIS

BUSINESS REVIEW AND OUTLOOK

Business Review

Steady Double Digit Growth with Impetus for Expansion



Expansion of content distribution network

The Group has been working closely with our global platform partners, namely Amazon Prime Video, Bilibili, Disney+, iQIYI, Netflix and Viu. Furthermore, we have expanded our distribution network, to Bangladesh, Bhutan, India, Maldives, Nepal, Pakistan, Sri Lanka, Kazakhstan and Kyrgyzstan.

Our Ani-One® OTT is now on 21 platforms across 8 territories in total and we have further expanded its reach and presence to Mongolia.



香港
Hong Kong



台灣
Taiwan

Total **21** local
Platforms

在亞洲
8個地區中

Among

8 Territories 共有**21**個
in Asia 本地平台



新加坡
Singapore



越南
Vietnam



印尼
Indonesia

Up to **7000** episodes
available for platforms

平台上多達**7000**集
節目可供觀賞



蒙古
Mongolia



泰國
Thailand



菲律賓
the Philippines

Ani-One® Asia YouTube
Ani-One® 中文官方動畫
頻道 @ *YouTube*

Cover 42+ territories in Asia
Cover Hong Kong, Macau, Taiwan, Singapore and Malaysia

For our Ani-One® YouTube platform, we launched a new localized YouTube Channel called Ani-One® Thailand on 10 February 2023. As part of our effort to increase the affinity of our platform among the anime fan community, this new localized channel features contents that have built-in Thai subtitles targeting local Thai audiences. Thai dubbed contents will also be featured on this channel. Achieving over 100,000 subscribers in only 3 months from its launch, Ani-One® Thailand is available as subscription-based video on demand (SVOD) and advertising-based video on demand (AVOD) services catering to the discerning tastes of our subscribers.



Ani-One® Asia and Ani-One® 中文官方頻道 YouTube channels, on the other hand, maintain their operations covering the Asian region, featuring subtitles in multiple major languages. They continue to offer SVOD service introducing big hit titles such as “Bleach Thousand Years Blood War”, “Blue Lock”, “Chainsaw Man”, “Haikyū” and “Trigun Stampede”, apart from its regular AVOD service with more than 3.15 million subscribers and over 600 million accumulated views for Asia channel and 295k subscribers with 40 million accumulated views for 中文官方頻道 channel.

Aside from exhibiting contents and its content distribution services, Ani-One® also produces its own anime-related creative videos, and features KOL broadcast sharing of highlighted anime contents shown on the channel, Vtuber Live-streaming and Video Shorts, among others. Ani-One® is actively expanding the anime market by collaborating with different partners.

Ani-One® has started to work with gamers to have game live-streaming and game related collaboration for Ani-One® 中文官方頻道 channel since February 2023.

To support the continuous expansion of our content distribution network, we aggressively acquire top quality contents and big hit titles in various genres — anime, variety, and movies.

Among 656 strong anime series that are active during the Reporting Period, the new and most popular titles are: “Chainsaw Man”, “Bleach Thousand Year Blood War”, “Dr. STONE 3rd Season Special Episode RYUSUI”, “My Hero Academia Season 6”, “Blue Lock”, “Mobile Suit Gundam The Witch From Mercury”, “Overlord IV”, “Orient Season 2”, “The Iceblade Sorcerer Shall Rule the World”, “Tensei Kenja no Isekai Life”, “Rising of the Shield Hero Season 2”, “Dance Dance Danseur”, “Love All Play”, “Aoashi”, “Black Summoner”, “Tomodachi Game”, “I’m Quitting Heroing”, “The Executioner and Her Way of Life”, “By The Grace of Gods Season 2”, “Trigun Stampede”, “NieR Automata”, “The Angel Next Door Spoils Me Rotten”, “DEAIMON”, “My Stepmom’s Daughter is my EX” and “The Maid I Hired Recently is Mysterious”, “Reincarnated as a Sword”.

Among the new titles above, “Tensei Kenja no Isekai Life” has been the top performer on Ani-One® Asia YouTube Channel, having over 13.9 million views from 4 July 2022 to 31 March 2023.

Strategic content co-investment

The Group has also co-invested in a Taiwanese movie — “My Heavenly City” which is targeted to be released in Taiwan, Hong Kong and other territories by second half of 2023. The Group co-distributes this movie with mm2 Entertainment Hong Kong Limited.

This movie follows three interrelated stories about life in New York City: A lonely interpreter; two young hip-hop dance enthusiasts; and a couple struggling to cope with their mentally ill son. They inspire one another in their journey of finding hope in this seemingly heavenly city. Main casts include Keung To — Hong Kong popular Cantopop boy group MIRROR member, Vivian Sung, Jack Yao, Mandy Wei, Li Jiawen and Jessica Lee.

Acquisition of licensing brands

The Group has been appointed as the licensing agent and content distributor for the new animated series “The Little Prince and Friends” (in production) in more than 45 territories. The animation offers today’s children a modern and tender version of Saint-Exupéry’s classic novella: a new vision of this unique and universal story, that aims to attract a new set of audiences — those who are starting to learn how to read, and soon be entering primary school.

Whateversmiles Corporation (Whateversmiles株式会社), a subsidiary of the Group was appointed by POMASE as the exclusive master agent for Le Petit Prince for Japan. The appointment stands as a significant milestone for the Group, marking the expansion of its brand licensing business to a new territory. Whateversmiles Corporation will manage the licensing of Le Petit Prince brand consumer products, build retail relationships, and work with local licensees on cross-promotional activities.

The Group also added a strong and popular Line sticker brand Usagyuuun. Its sticker has over 600 million downloads worldwide. With 2023 as the year of Rabbit, different cooperations are being planned and in the pipeline.

The Group has also renewed long-term brands such as Mobile Suit Gundam, Cardcaptor Sakura, Robocar Poli, and emoji® during the Reporting Period.

Expansion on licensing brands rights

The Group has also expanded on a series of cooperations on NFT (non-fungible token) and digital Collectibles.

The Group partnered with Undone and Macworld to launch POPEYE’S METAVVERSE MADNESS, the sailor’s latest offering, through MAD:BOXX.

The Group also joined hands with JingTan on a digital skin collaboration with Alipay for Little Prince, comprising of four limited edition digital collectibles including Alipay code skins, red packets and desktop widgets in China. Apart from Little Prince, the Group also partnered with Cote and JingTan and launched Popeye digital collectibles.

The Brand Licensing segment has delivered strong financial operating results due to the significant growth in brand licensing in Japanese anime. Both local and regional campaigns were launched, like Coca-cola Zero Sugar Blast x BLEACH: The Thousand Year Blood War Arc, Catalog x EVA, GU x Jujutsu Kaisen, Gyukaku x Jujutsu Kaisen, Aniplus x Jujutsu Kaisen, Nature Lab (Maro Shampoo) x Jujutsu Kaisen 0, Kotobukiya (Figure) x Jujutsu Kaisen.



Coca-Cola Zero Sugar Blast x BLEACH: The Thousand Year Blood War Arc

Different events and pop up stores were launched in different regions with large exposures. We have Jujutsu Kaisen pop up stores at LCX and K11, Sesame Street mall event and crossover art exhibition with Jon Burgerman at Harbour City in Hong Kong, Baby Shark event in Indonesia, My Hero Academia & Haikyuu pop up store in Taiwan.



Sesame Street mall event and crossover art exhibition with Jon Burgerman at Harbour City in Hong Kong



Baby Shark event in Indonesia

Ani-Mall® and Whateverismiles®

Ani-Mall® launched the Octopus card project with various IP like Kamen Rider and THE FIRST SLAM DUNK, receiving OVERWHELMING response.

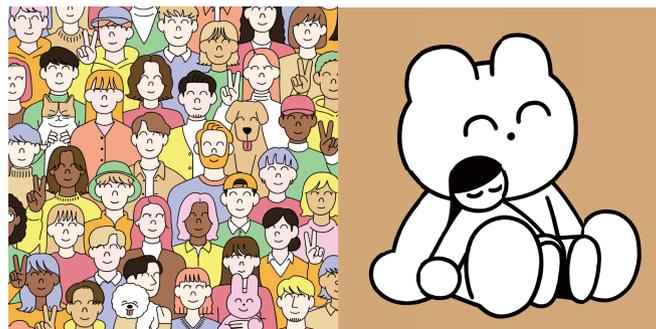


Besides the online business, Ani-Mall® has also expanded to offline channels like popup stores at LCX, as well as in the cinemas.

While continuing its role as the “platform of artists”, Whateverismiles® has managed the brand, Little White, designed by Steven Choi and hosted the art collaboration of Little White and MR. MEN LITTLE MISS, “Time for a LITTLE hug”, at Gallery by the Harbour City, with a series of limited-edition artworks and premiums being launched and showcased.

Under the management of Whateverismiles®, local artists Luke Luke and Amy Tam exhibited their works in different Art Exhibitions such as Art Taipei 2022 and Art Miami 2022, with overwhelming success.

Whateverismiles® organised the art exhibition “WHY ARE THEY SMILING?”, aiming to bring a smile to everyone. Wakaru, a popular Japanese illustrator, was invited to create works that bring positive energy to the world and to feel the warmth and care between people through smiling faces.



Through Whateverismiles®, our artists management platform, we have established “Licensing in Practice™” (LIP™) to foster young talents for intellectual property and the licensing industry. LIP™ collaborated with the Hong Kong Baptist University’s Department of Interactive Media to promote the licensing industry and nurture talented individuals.

Through this collaboration, the students were given the opportunity to gain practical experience and expand their network within the industry.



Whateversmiles® also actively participated on charity activities like LYCHEE & FRIENDS x Children’s Thalassaemia Foundation Flag Day, and Little White x Mr. Men Little Miss Art Workshop with Dignity Kitchen.

M&A

The Group has completed the acquisition of a 49% equity interest in Sunrise, a Hong Kong company with operation in China during the Reporting Period. Sunrise is devoted to designing, developing and producing wide range of animate products with sales and distribution network covering Greater China and South-east Asia.

Awards

The Group has been awarded the “Honourable Mention — Corporate Governance Excellence, 2022 Hong Kong Corporate Governance and ESG Excellence Awards” by The Chamber of Hong Kong Listed Companies as the recognition and prestige for the Group in achieving outstanding commitment to shareholder rights, compliance, integrity, fairness, responsibility, accountability, transparency, board independence & leadership, and ESG.

Furthermore, the Group has also been awarded the “Top 10 IP Authorized Agents of the Year” award and the “Top 10 Licensing Team Awards of the Year” of the 6th Jade Monkey Awards hosted by the Organizing Committee of China IP Industry Annual Conference.



BUSINESS OUTLOOK AND FUTURE PLANS

Double digit growth

The Group will continue its growth model with double digit growth for year 2023/2024.

It will build on the depth and breadth of our Media Content Distribution Business and Brand Licensing Business with the following focus areas:

- Expansion of our own content distribution platforms through Ani-One® and e-commerce platforms in Taiwan and other South East Asia. Develop more of our own channels in Philippines and Vietnam and to host our own B to C-oriented events such as anime songs mini-concerts and Japanese dubbing artists' fans meetings.
- Aggressively acquiring Top Grade TV Series and Movies, as well as highly popular Content with various genres to solidify the IP portfolio of The Group. And as part of our continuous content expansion, we target acquiring classic Titles and extend business opportunities with different Licensors by collaborating with their other businesses such as on-ground and physical anime music concerts, gaming promotions, and other related possible business ventures.
- With the success of Jujutsu Kaisen 0 movie, the Group will continuously acquire and release movies in various genres, including the most anticipated anime movies and live-action movies.
- The Group will expand its collaboration with luxury brands on a regional or global scale. For e-commerce platforms such as Ani-Mall®, the Group will leverage to increase the reach and scope.
- As the Group enters into the fourth anniversary of its listing, the Group will tap into opportunities for establishing joint ventures and investing in companies that would bring value to the business and our shareholders. Expanding licensing rights to additional regions and replicate the success of our new licensing business in Japan
- As we continue to develop new products in-house, we will explore and expand our product sales network by creating new sales channels in different regions and seeking out new partners to generate additional streams of revenue.
- Continuing to explore opportunities on “Be A Licensee”, to meet market needs and grow our business so as to synergize our core businesses
- Maximize the opportunities for artists and new intellectual properties under Whatevermiles® for art exhibitions and related activities not only in Hong Kong but also around the world.

	As at 31 March 2023	As at 31 March 2022
Number of active titles of media contents available	656	600
Number of brands available	260	189

FINANCIAL REVIEW

Revenue

For the year ended 31 March 2023, our Group's revenue reached HK\$473.9 million, representing an increase of HK\$76.0 million or 19.1% as compared to the year ended 31 March 2022, mainly due to an increase from both Media Content Distribution Business and Brand Licensing Business.

The following table sets forth a breakdown of the revenue by business segment during the years indicated, both in absolute amount and as a percentage of total revenue:

	For the year ended 31 March 2023		For the year ended 31 March 2022		Change
	Revenue HK\$'000	Percentage %	Revenue HK\$'000	Percentage %	
Media Content Distribution Business	314,198	66.3	275,809	69.3	+13.9%
Brand Licensing Business	159,701	33.7	122,067	30.7	+30.8%
	<u>473,899</u>	<u>100.0</u>	<u>397,876</u>	<u>100.0</u>	+19.1%

Revenue derived from Media Content Distribution Business remained the largest source of revenue for the Group, contributing 66.3% (2022: 69.3%). The growth in revenue was mainly due to a significant increase in revenue from distribution of feature films, which contributed a revenue of HK\$60.6 million to the Group during the Year, with an increase of 225.8% as compared to HK\$18.6 million in last year. Revenue from distribution of media contents remained stable and recorded HK\$253.6 million during the Year, which represented 53.5% of the Group's total revenue. The Group continued to strengthen its content distribution network by expanding the customer base in new and existing geographical locations, resulting in more sales with new and scalable global platforms outside the Greater China.

Revenue derived from Brand Licensing Business increased by 30.8% from HK\$122.1 million for the year ended 31 March 2022 to HK\$159.7 million during the Year. The increase was mainly due to (i) its continued growth in Mainland China, Hong Kong, Japan and Taiwan in respect of popularity of several international characters brands, including Japanese brands, which generated more royalties from licensees, and (ii) rapid growth in sales of merchandises. During the Year, revenue from sales of merchandises amounted to HK\$28.8 million, representing an increase of HK\$19.8 million or 221.5% as compared with last year, mainly due to different events and pop-up stores were launched in different regions, which generated substantial income and large exposures. In addition, Ani-Mall[®] launched the first Octopus card project in Hong Kong receiving very nice response and a considerable revenue during the Year.

Cost of Sales

Cost of sales was primarily royalty payments to the media content licensors and brand licensors at the mutually agreed royalty rates. Our Group's cost of sales increased by HK\$45.6 million or 22.8% from HK\$200.3 million for the year ended 31 March 2022 to HK\$245.9 million for the Year. The increase was in line with the increase in revenue.

Gross Profit and Gross Profit Margin

Gross profit for the Year amounted to HK\$228.0 million, representing an increase of HK\$30.4 million or 15.4% as compared to HK\$197.6 million for the year ended 31 March 2022, mainly due to an increase in revenue. Meanwhile, gross profit margin was 48.1% for the Year (2022: 49.7%), which was mainly attributable to the change in sales mix of Brand Licensing Business that the increase in the revenue generated from the sub-licensing of Japanese animation characters which had relatively lower gross profit margin than the profit margin of licensing agency services. In addition, the increased revenue from sales of merchandise, which had a relatively lower gross profit margin, reduced the overall gross profit margin.

Other Income and Gains, net

Other income and gains increased by HK\$4.4 million or 429.8% to HK\$5.5 million for the Year, mainly attributable to increased bank interest income and government subsidies under the Employment Support Scheme.

Selling and Distribution Expenses

Selling and distribution expenses for the Year amounted to HK\$60.4 million, representing an increase of approximately HK\$5.7 million or 10.4% as compared to HK\$54.7 million in last year. Such increase was primarily attributable to the increase in the number of employees and respective staff costs for sales, marketing and support personnel and other selling and distribution expenses, which were in line with revenue growth and business expansion.

General and Administrative Expenses

General and administrative expenses of the Group for the Year amounted to HK\$57.2 million, representing an increase of HK\$3.9 million or 7.3% as compared to HK\$53.3 million in last year, which was mainly due to the increase in staff cost, partially offset by reducing other general and administrative expenses due to cost-saving measures implemented by the Group.

Share of Result of a Joint Venture

On 14 February 2023, the Group acquired a 49% equity interest in Sunrise at a total consideration of HK\$4.0 million. During the Year, the Group recorded a share of profit of Sunrise, amounting to HK\$0.2 million.

Other Expenses, Net

Other expenses, net for the Year amounted to HK\$63.7 million, representing an increase of HK\$18.2 million, owing to impairment loss and write-off of various assets during the Year. These included (i) a write-down of HK\$55.8 million of licensed rights to net realisable value, an increase of HK\$13.8 million compared with last year, after taking into account the current market conditions and estimated future recoverable amounts in respect of the licensed rights, (ii) impairment on intangible assets of HK\$1.8 million (2022: HK\$0.2 million) in view of the unlikelihood of recovery of the amount invested; (iii) impairment and write-off of trade receivables amounting to HK\$2.1 million (2022: HK\$1.3 million) after taking into account the aged trade receivable balances and customers that were in financial difficulties; and (iv) foreign exchange losses of HK\$4.0 million (2022: HK\$3.3 million) resulting mainly from depreciation of Japanese Yen and Renminbi.

Income Tax Expense

Income tax expense for the Year amounted to HK\$4.5 million (2022: HK\$2.3 million), representing an effective tax rate (income tax expense divided by profit before tax) of 8.7% for the Year (2022: 5.1%). The increase in effective tax rate for the Year was mainly due to a change in the geographical mix of the Group's profit and relatively less amount of tax credit claimed during the Year.

Profit for the year

As a result of the foregoing, profit for the Year increased by HK\$5.1 million or 12.0% to HK\$47.5 million. Net profit margin of 10.0% was similar to the previous year.

Profit For The Year Attributable to Shareholders of the Company

Profit for the Year attributable to shareholders of the Company amounted to HK\$47.5 million, representing an increase of HK\$5.1 million or 12.0%.

Intangible assets

Intangible assets comprise media content commercial rights, computer software and brand licensing contracts.

The movements of the intangible assets during the Year are set out below:

	2023 <i>HK\$'000</i>	2022 <i>HK\$'000</i>
At the beginning of the year, net	12,863	15,832
Additions	818	14,398
Amortisation	(2,001)	(13,110)
Impairment	(1,769)	(169)
Derecognition	(507)	(4,253)
Exchange realignment	(822)	165
	<hr/>	<hr/>
At the end of the year, net	<u>8,582</u>	<u>12,863</u>

Licensed Assets

The licensed assets increased by HK\$19.1 million or 6.2% to HK\$330.1 million as at 31 March 2023, of which HK\$70.4 million (31 March 2022: HK\$103.4 million) related to prepayments for licensed assets with licence periods which have yet to begin. The increase was mainly due to the acquisition of media content distribution rights, partially offset by the write-down of licensed rights to net realisable value during the Year.

Trade receivables

Trade receivables increased by 17.1% which is attributable to more revenue generated during the Year.

Investments in media contents

The Group has invested in certain media content production projects of which the Group is guaranteed by the respective media content producers for a fixed rate of return or minimum amount of return after the release of the media contents within the specified periods. In addition, the Group is also entitled to certain distribution rights of related media contents as stipulated in the respective agreements.

The movements of the investments in media contents during the Year are set out below:

	2023	2022
	<i>HK\$'000</i>	<i>HK\$'000</i>
At the beginning of the year, net	39,742	36,661
Additions	1,500	13,747
Return of investments	(15,621)	(13,373)
Change in fair value	(256)	2,683
Derecognition	(1,380)	—
Exchange realignment	(97)	24
	<hr/>	<hr/>
At the end of the year, net	<u>23,888</u>	<u>39,742</u>

Trade payables

The decrease in trade payables by 4.8% was remain stable compared to the previous year.

NET CURRENT ASSETS

In line with the business expansion, the net current assets increased by 9.2% to HK\$487.8 million as at 31 March 2023, compared to HK\$446.6 million as at 31 March 2022. The current assets were HK\$822.9 million as at 31 March 2023, an year on year increase of HK\$48.2 million, primarily due to the increase in licensed assets and trade receivables. The current liabilities were HK\$335.1 million as at 31 March 2023, an increase of HK\$7.0 million, primarily due to the increases in contract liabilities and lease liabilities, partly offset by the decrease in trade payable.

NET ASSETS

The net assets increased by 4.3% to HK\$565.4 million as at 31 March 2023, compared to HK\$542.1 million as at 31 March 2022. The increase was mainly due to (i) the increase of HK\$41.2 million in net current assets; (ii) the decrease of HK\$4.5 million in non-current liabilities; and partially offset by (iii) the decrease of HK\$22.4 million in non-current assets.

LIQUIDITY, FINANCIAL RESOURCES AND GEARING RATIO

As at 31 March 2023, our Group had cash and bank balances of HK\$281.7 million (2022: HK\$283.3 million), majority of which were denominated in US dollars and HK dollars.

As at 31 March 2023, our Group had a current ratio¹ of 2.5 (compared to 2.4 at 31 March 2022) and a cash ratio² of 0.8 (compared to 0.9 as at 31 March 2022). The liquidity ratio remained stable as compared to the previous year.

Notes:

- 1 Current ratio was calculated by dividing the total current assets by the total current liabilities as at the respective dates.
- 2 Cash ratio was calculated by dividing the cash and cash equivalents by the total current liabilities as at the respective dates.

As at 31 March 2022 and 2023, our Group did not have any interest-bearing nor external borrowings. Thus, neither the gearing ratio nor the debt to equity ratio was applicable to our Group.

Following the Listing, our 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 a strong liquidity position, our Group is able to expand in accordance with its business strategy.

Our Group did not have any significant contingent liabilities as at 31 March 2023.

There was no material impact to our Group arising from the fluctuation in the exchange rates of the major currencies in US dollars and Renminbi during the Year.

USE OF PROCEEDS FROM LISTING

After deduction of the underwriting fees and commissions and expenses payable by the Company in connection with the Listing, the net proceeds from Listing were HK\$185.9 million (the “**Net Proceeds**”).

The Board closely monitored the use of proceeds from the Listing with reference to the use of proceeds disclosed in the Prospectus and the announcement in relation to change in use of Net Proceeds dated 25 July 2022. For further details of the change in use of Net Proceeds and the reasons for and benefits of such change, please refer to the announcement of the Company dated 25 July 2022.

As at 31 March 2023, the Group utilised approximately HK\$170.1 million of the Net Proceeds, representing approximately 91.5% of the Net Proceeds, and the unutilised Net Proceeds amounted to approximately HK\$15.8 million (the “**Unutilised Net Proceeds**”), representing approximately 8.5% of the Net Proceeds.

The following table sets out the original planned use of Net Proceeds, the revised allocation as at 25 July 2022, and the actual usage up to 31 March 2023.

Intended use of Net Proceeds as stated in the Prospectus and the change in use of Net Proceeds announcement dated 25 July 2022	Approximate % of total Net Proceeds	Planned use of actual Net Proceeds <i>(Note 2)</i> HK\$' million	Utilised Net Proceeds as at 25 July 2022 HK\$' million	Unutilised Net Proceeds as at 25 July 2022 HK\$' million	Revised allocation of		
					the unutilised Net Proceeds as at 25 July 2022 HK\$' million	Utilised Net Proceeds from 26 July 2022 to 31 March 2023 HK\$' million	Unutilised Net Proceeds as at 31 March 2023 HK\$' million
Strengthen media content portfolio	54.8%	101.8	(48.2)	53.6	78.3	(69.9)	8.4
Expand our Brand Licensing Business	17.5%	32.6	(12.4)	20.2	5.9	(0.6)	5.3
Use for co-investment in the production of media content	9.5%	17.7	(10.7)	7.0	—	—	—
Acquisition of a potential target company to strengthen the development of Brand Licensing Business	—	—	—	—	4.4	(4.1)	0.3
Relocation and renovation of Hong Kong office and upgrade information technology equipment	6.9%	12.9	(4.8)	8.1	3.8	(2.0)	1.8
Use for our general working capital	6.6%	12.3	(12.3)	—	—	—	—
Expand media content team, brand licensing team, and expand workforce and enhance back-office support	4.7%	8.6	(4.5)	4.1	0.6	(0.6)	—
	<u>100.0%</u>	<u>185.9</u>	<u>(92.9)</u>	<u>93.0</u>	<u>93.0</u>	<u>(77.2)</u>	<u>15.8</u>

Note 1: Subsequent to the end of the Reporting Period and up to the date of this announcement, the Group utilised approximately HK\$3.9 million of the Net Proceeds, comprising HK\$3.9 million for strengthening media content portfolio.

Note 2: 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.

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

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

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

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

Capital Structure

There has been no change in the capital structure of our Group during the Reporting Period and the share capital of our Company only comprises ordinary shares. As at the date of this announcement, our Company has 1,992,000,000 ordinary shares in issue.

Material Acquisitions and Disposals of Subsidiary, Associate and Joint Venture

There was no material acquisition or disposal of subsidiary, associate or joint venture during the Reporting Period.

Pledge of Assets

As at 31 March 2023, none of the assets of our Group was pledged.

Capital Commitments

As at 31 March 2023, our Group had no capital commitment that was not provided for in the consolidated financial statements.

Purchase, Sale or Redemption of Listed Shares

During the Year, neither our Company nor any of our subsidiaries purchased, sold or redeemed any of our Company's listed shares, except that the trustee of the share award scheme of the Company acquired a total of 19,970,000 shares of the Company on the market for the purpose of the share award scheme and the grant of the award shares.

Significant Events after the Reporting Period

There is no significant event of the Group which requires disclosure since the end of Reporting Period.

AUDIT COMMITTEE

The Company's audit committee has reviewed the accounting policies and practices adopted by the Group and discussed internal control and financial reporting matters including the review of the draft consolidated financial statements for the year ended 31 March 2023.

REVIEW OF RESULTS ANNOUNCEMENT BY INDEPENDENT AUDITORS

The figures in respect of the Group's consolidated statement of financial position, consolidated statement of profit or loss, consolidated statement of comprehensive income, and the related notes thereto for the year ended 31 March 2023 as set out in this announcement have been agreed by the Company's auditors, Ernst & Young ("EY"), to the amounts set out in the Group's draft consolidated financial statements for the Year. The work performed by EY in this respect did not constitute an assurance engagement in accordance with Hong Kong Standards on Auditing, Hong Kong Standards on Review Engagements or Hong Kong Standards on Assurance Engagements issued by the HKICPA and consequently no assurance has been expressed by EY on this announcement.

COMPLIANCE WITH THE RELEVANT LAWS AND REGULATIONS

To the best of the Directors' knowledge, information and belief, having made all reasonable enquires, the Group has complied in material respects with the relevant laws and regulations that have a significant impact on the business and operations of the Company and its subsidiaries during the year ended 31 March 2023.

SUFFICIENCY OF PUBLIC FLOAT

Based on the information that is publicly available to the Company and within the knowledge of the Directors, the Company maintained the public float of its issued shares as required under the Listing Rules during the Year.

MODEL CODE FOR SECURITIES TRANSACTIONS

The 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 to all the Directors and all the Directors have confirmed that they have complied with the Model Code for the year ended 31 March 2023 and up to the date of this announcement.

The 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.

COMPLIANCE WITH CORPORATE GOVERNANCE CODE

The Board and the management of our Company are committed to the maintenance of good corporate governance practices and procedures.

The Board believes that good corporate governance standards are essential in providing a framework for our Group to safeguard the interests of Shareholders, enhance corporate value, formulate its business strategies and policies, and enhance its transparency and accountability.

The Company has adopted the code provisions as set out in the Corporate Governance Code and Corporate Governance Report (the “**CG Code**”) as contained in Appendix 14 to the Listing Rules as its own code of corporate governance. For the year ended 31 March 2023 and up to the date of this announcement, the Company has complied with the code provisions as set out in the CG Code, save and except for code provision C.2.1 in Part 2 of CG Code as set out below:

Chairman and Chief Executive

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

ANNUAL GENERAL MEETING

The annual general meeting of the Company is scheduled to be held on Tuesday, 19 September 2023. The notice of the annual general meeting will be published on the website of the Stock Exchange (www.hkexnews.hk) and the website of the Company (www.medialink.com.hk) in due course.

FINAL DIVIDEND

The Board has recommended the payment of a final dividend of HK 0.42 cent per share for the year ended 31 March 2023 (2022: HK 0.35 cent per share), amounting to HK\$8,366,000 (2022: HK\$6,972,000), to the Shareholders whose names appear on the register of members of our Company on Thursday, 28 September 2023. The proposed final dividend will be paid on Monday, 30 October 2023, subject to approval by the Shareholders at the annual general meeting.

CLOSURE OF THE REGISTER OF MEMBERS

For determining the entitlement to attend and vote at the forthcoming AGM, the register of members will be closed from Thursday, 14 September 2023 to Tuesday, 19 September 2023, both days inclusive, during which period no transfer of shares will be registered. In order to qualify for attending and voting at the annual general meeting, all completed transfer forms, accompanied by the relevant share certificates, must be lodged for registration with our Company's branch share registrar and transfer office in Hong Kong, Tricor Investor Services Limited at 17/F, Far East Finance Centre, 16 Harcourt Road, Hong Kong by no later than 4:30 p.m. on Wednesday, 13 September 2023.

To ascertain entitlement to the proposed final dividend, the register of members will be closed from Monday, 25 September 2023 to Thursday, 28 September 2023, both days inclusive, during which period no transfer of shares will be registered. In order to qualify for the proposed final dividend, which is subject to approval of the Shareholders at the forthcoming AGM, all completed transfer forms, accompanied by the relevant share certificates, must be lodged for registration with the Company's branch share registrar and transfer office in Hong Kong, Tricor Investor Services Limited at 17/F, Far East Finance Centre, 16 Harcourt Road, Hong Kong by no later than 4:30 p.m. on Friday, 22 September 2023.

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

This annual results announcement is published on the website of the Stock Exchange (www.hkexnews.hk) and the website of the Company (www.medialink.com.hk). The annual report for the year ended 31 March 2023 containing all information required by the Listing Rules will be despatched to the Shareholders and published on the aforesaid websites on or before 31 July 2023.

CONSOLIDATED STATEMENT OF PROFIT OR LOSS

For the year ended 31 March 2023

	<i>Note</i>	2023 <i>HK\$'000</i>	2022 <i>HK\$'000</i>
Revenue	4	473,899	397,876
Cost of sales		<u>(245,893)</u>	<u>(200,320)</u>
Gross profit		228,006	197,556
Other income and gains, net	5	5,457	1,030
Selling and distribution expenses		(60,395)	(54,710)
General and administrative expenses		(57,215)	(53,347)
Other expenses, net		(63,708)	(45,538)
Finance cost		(339)	(291)
Share of profit of a joint venture		<u>244</u>	<u>—</u>
Profit Before Tax	6	52,050	44,700
Income tax expense	7	<u>(4,527)</u>	<u>(2,274)</u>
Profit For The Year Attributable to Shareholders of the Company		<u>47,523</u>	<u>42,426</u>
Earnings Per Share Attributable to Shareholders of the Company			
Basic and diluted	9	<u>HK 2.5 cents</u>	<u>HK 2.2 cents</u>

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the year ended 31 March 2023

	2023 <i>HK\$'000</i>	2022 <i>HK\$'000</i>
Profit For The Year	47,523	42,426
Other Comprehensive Income/(Loss)		
Item that may be reclassified to profit or loss in subsequent periods:		
Exchange differences on translation of foreign operations	(514)	827
Share of other comprehensive loss of a joint venture	(1)	—
Other comprehensive income/(loss) that may be reclassified to profit or loss in subsequent periods	(515)	827
Total Comprehensive Income For The Year Attributable to Shareholders of the Company	<u>47,008</u>	<u>43,253</u>

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 31 March 2023

	<i>Note</i>	2023 <i>HK\$'000</i>	2022 <i>HK\$'000</i>
Non-Current Assets			
Goodwill		29,709	29,709
Property, plant and equipment		19,217	25,707
Intangible assets		8,582	12,863
Investments in media contents		23,888	39,742
Investment in a joint venture		4,243	—
Prepayments and deposits		1,387	1,399
		<u>87,026</u>	<u>109,420</u>
Current Assets			
Licensed assets	10	330,068	310,944
Inventories		2,091	2,919
Trade receivables	11	192,919	164,738
Prepayments, deposits and other receivables		11,781	6,835
Tax recoverable		4,331	5,977
Cash and cash equivalents		281,742	283,281
		<u>822,932</u>	<u>774,694</u>
Current Liabilities			
Trade payables	12	185,351	194,717
Accruals and other payables		73,268	70,186
Contract liabilities		69,386	56,355
Lease liabilities		5,301	5,551
Tax payable		1,816	1,324
		<u>335,122</u>	<u>328,133</u>
Net Current Assets		<u>487,810</u>	446,561
Total Assets Less Current Liabilities		<u>574,836</u>	555,981
Non-Current Liabilities			
Lease liabilities		8,088	12,576
Provision for reinstatement costs		1,311	1,311
		<u>9,399</u>	13,887
Net Assets		<u>565,437</u>	<u>542,094</u>
Equity			
Share capital	13	19,920	19,920
Reserves		545,517	522,174
Total Equity		<u>565,437</u>	<u>542,094</u>

NOTES

1. Corporate and Group Information

Medialink Group Limited is a limited liability company incorporated in the Cayman Islands.

The principal place of business of the Company is located at Suites 1801–6, 18/F., Tower 2, The Gateway, Harbour City, 25 Canton Road, Tsim Sha Tsui, Kowloon, Hong Kong.

On 1 October 2022, the address of the registered office of the Company was changed from Second Floor, Century Yard, Cricket Square, P.O. Box 902, Grand Cayman, KY1-1103, Cayman Islands to Third Floor, Century Yard, Cricket Square, P.O. Box 902, Grand Cayman, KY1-1103, Cayman Islands.

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

The financial statements have been prepared on a going concern basis and under the historical cost convention except for investments in media contents which have been measured at fair value. They are presented in Hong Kong dollars (“HK\$”) and all amounts are rounded to the nearest thousand (HK\$’000) except when otherwise indicated.

2.2 Changes in Accounting Policies and Disclosures

The Group has adopted the following revised HKFRSs for the first time for the current year’s financial statements.

Amendments to HKFRS 3	<i>Reference to the Conceptual Framework</i>
Amendments to HKAS 16	<i>Property, Plant and Equipment: Proceeds before Intended Used</i>
Amendments to HKAS 37	<i>Onerous Contracts — Cost of Fulfilling a Contract</i>
<i>Annual Improvements to HKFRSs 2018–2020</i>	Amendments to HKFRS 1, HKFRS 9, Illustrative Examples accompanying HKFRS 16, and HKAS 41

The nature and the impact of the revised HKFRSs that are applicable to the Group are described below:

- (a) Amendments to HKFRS 3 replace a reference to the previous *Framework for the Preparation and Presentation of Financial Statements* with a reference to the *Conceptual Framework for Financial Reporting* (the “**Conceptual Framework**”) issued in June 2018 without significantly changing its requirements. The amendments also add to HKFRS 3 an exception to its recognition principle for an entity to refer to the Conceptual Framework to determine what constitutes an asset or a liability. The exception specifies that, for liabilities and contingent liabilities that would be within the scope of HKAS 37 or HK(IFRIC)-Int 21 if they were incurred separately rather than assumed in a business combination, an entity applying HKFRS 3 should refer to HKAS 37 or HK(IFRIC)-Int 21 respectively instead of the Conceptual Framework. Furthermore, the amendments clarify that contingent assets do not qualify for recognition at the acquisition date. The Group has applied the amendments prospectively to business combinations that occurred on or after 1 January 2022. As there were no business combinations during the year, the amendments did not have any impact on the financial position and performance of the Group.

- (b) Amendments to HKAS 16 prohibit an entity from deducting from the cost of an item of property, plant and equipment any proceeds from selling items produced while bringing that asset to the location and condition necessary for it to be capable of operating in the manner intended by management. Instead, an entity recognises the proceeds from selling any such items, and the cost of those items as determined by HKAS 2 *Inventories*, in profit or loss. The Group has applied the amendments retrospectively to items of property, plant and equipment made available for use on or after 1 January 2021. Since there was no sale of items produced prior to the property, plant and equipment being available for use, the amendments did not have any impact on the financial position or performance of the Group.
- (c) Amendments to HKAS 37 clarify that, for the purpose of assessing whether a contract is onerous under HKAS 37, the cost of fulfilling the contract comprises the costs that relate directly to the contract. Costs that relate directly to a contract include both the incremental costs of fulfilling that contract (e.g., direct labour and materials) and an allocation of other costs that relate directly to fulfilling that contract (e.g., an allocation of the depreciation charge for an item of property, plant and equipment used in fulfilling the contract as well as contract management and supervision costs). General and administrative costs do not relate directly to a contract and are excluded unless they are explicitly chargeable to the counterparty under the contract. The Group has applied the amendments prospectively to contracts for which it has not yet fulfilled all its obligations at 1 January 2022 and did not identify any onerous contracts. Therefore, the amendments did not have any impact on the financial position or performance of the Group.
- (d) *Annual Improvements to HKFRSs 2018–2020* sets out amendments to HKFRS 1, HKFRS 9, Illustrative Examples accompanying HKFRS 16, and HKAS 41. Details of the amendments that are applicable to the Group are as follows:
- HKFRS 9 *Financial Instruments*: clarifies the fees that an entity includes when assessing whether the terms of a new or modified financial liability are substantially different from the terms of the original financial liability. These fees include only those paid or received between the borrower and the lender, including fees paid or received by either the borrower or lender on the other’s behalf. The Group has applied the amendment prospectively from 1 January 2022. As there was no modification or exchange of the Group’s financial liabilities during the year, the amendment did not have any impact on the financial position or performance of the Group

3. Operating Segment Information

For management purposes, the Group is organised into business units based on their products and services and has two reportable operating segments as follows:

- (a) the media content distribution segment comprises distributions and investments in media contents including animation series, variety shows, drama series, animated and live-action feature films and other video contents; and
- (b) the brand licensing segment comprises (i) obtaining various rights to use third-party owned brands, which include certain merchandising rights, location-based entertainment rights and promotion rights, and sub-licensing the use of these brands to customers; and (ii) acting as an agent for the brand licensors.

Management monitors the results of the Group's operating segments separately for the purpose of making decisions about resource allocation and performance assessment. Segment performance is evaluated based on reportable segment profit/loss, which is a measure of adjusted profit/loss before tax. The adjusted profit/loss before tax is measured consistently with the Group's profit before tax except that interest income and unallocated gains, depreciation and other corporate and unallocated expenses are excluded from such measurement.

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

Segment liabilities exclude tax payable, lease liabilities, corporate and other unallocated liabilities as these liabilities are managed on a group basis.

Year ended 31 March 2023

	Media content distribution HK\$'000	Brand licensing HK\$'000	Total HK\$'000
Segment revenue:			
Sales to external customers	314,454	159,701	474,155
Fair value losses on investments in media contents, net	(256)	—	(256)
Total	<u>314,198</u>	<u>159,701</u>	<u>473,899</u>
Segment results	31,824	36,547	68,371
<i>Reconciliation:</i>			
Interest income and unallocated gains			4,637
Depreciation			(7,548)
Other corporate and unallocated expenses			(13,410)
Profit before tax			<u>52,050</u>
Segment assets	502,919	91,595	594,514
<i>Reconciliation:</i>			
Corporate and other unallocated assets			315,444
Total assets			<u>909,958</u>
Segment liabilities	215,175	85,980	301,155
<i>Reconciliation:</i>			
Corporate and other unallocated liabilities			43,366
Total liabilities			<u>344,521</u>

Year ended 31 March 2022

	Media content distribution <i>HK\$'000</i>	Brand licensing <i>HK\$'000</i>	Total <i>HK\$'000</i>
Segment revenue:			
Sales to external customers	273,126	122,067	395,193
Fair value gains on investments in media contents, net	<u>2,683</u>	<u>—</u>	<u>2,683</u>
Total	<u><u>275,809</u></u>	<u><u>122,067</u></u>	<u><u>397,876</u></u>
Segment results	31,437	31,135	62,572
<i>Reconciliation:</i>			
Interest income and unallocated gains			616
Depreciation			(5,795)
Other corporate and unallocated expenses			<u>(12,693)</u>
Profit before tax			<u><u>44,700</u></u>
Segment assets	490,955	73,332	564,287
<i>Reconciliation:</i>			
Corporate and other unallocated assets			<u>319,827</u>
Total assets			<u><u>884,114</u></u>
Segment liabilities	242,557	67,231	309,788
<i>Reconciliation:</i>			
Corporate and other unallocated liabilities			<u>32,232</u>
Total liabilities			<u><u>342,020</u></u>

4. Revenue

	2023 <i>HK\$'000</i>	2022 <i>HK\$'000</i>
Major product or service lines		
<i>Media Content Distribution Business</i>		
Distribution of licensed media contents	253,836	254,494
Distribution of feature films	60,618	18,632
	314,454	273,126
Fair value gains/(losses) on investments in media contents, net	(256)	2,683
	314,198	275,809
<i>Brand Licensing Business</i>		
Sub-licensing of brands	96,077	76,174
Provision of licensing agency services	34,869	36,948
Sales of merchandise	28,755	8,945
	159,701	122,067
	473,899	397,876

	2023	2022
	<i>HK\$'000</i>	<i>HK\$'000</i>
Geographical locations		
<i>Media Content Distribution Business</i>		
Hong Kong	97,739	126,810
United States of America	97,146	34,262
Taiwan	49,356	22,937
Mainland China	34,420	46,927
Singapore	10,870	21,770
Indonesia	5,095	2,788
India	4,668	11
Vietnam	4,406	2,462
Thailand	3,136	8,355
Korea	2,319	1,833
Others*	5,299	4,971
	<u>314,454</u>	<u>273,126</u>
<i>Brand Licensing Business</i>		
Mainland China	43,779	21,741
Japan	37,330	33,918
Hong Kong	24,347	12,092
Taiwan	17,344	13,733
France	16,795	16,297
United States of America	8,839	12,539
Korea	2,229	2,155
Italy	2,181	3,360
Others#	6,857	6,232
	<u>159,701</u>	<u>122,067</u>
	<u>474,155[^]</u>	<u>395,193[^]</u>

* Others mainly include geographical locations of the Philippines, Mongolia and the United Kingdom.

Others mainly include geographical locations of Indonesia, the Philippines, Thailand, the United Kingdom and Malaysia.

^ Exclude fair value changes in investments in media contents, net

5. Other Income and Gains, Net

	2023 <i>HK\$'000</i>	2022 <i>HK\$'000</i>
Bank interest income	2,783	596
Government subsidies (<i>note</i>)	1,479	20
Others	<u>1,195</u>	<u>414</u>
	<u>5,457</u>	<u>1,030</u>

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

6. Profit Before Tax

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

	2023	2022
	HK\$'000	HK\$'000
Cost of goods sold and other services rendered	243,937	187,273
Depreciation:		
Right-of-use assets	5,500	4,105
Other items of property, plant and equipment	2,048	1,690
	7,548	5,795
Amortisation of intangible assets [#]	2,001	13,110
Lease payments not included in the measurement of lease liabilities	200	1,711
Employee benefit expense (including directors' remuneration):		
Salaries, wages, allowances and bonuses	73,331	61,955
Pension scheme contributions (defined contribution schemes)	4,537	3,947
Share-based payment expense	—	2,914
	77,868	68,816
Foreign exchange differences, net	4,035	3,340
Impairment of intangible assets*	1,769	169
Impairment of trade receivables*	1,997	2,526
Reversal of impairment of trade receivables*	(738)	(1,259)
Write-off of trade receivables*	838	—
Write-back of trade payables*	—	(1,228)
Write-down of licensed rights to net realisable value, net*	55,807	41,990
Finance cost — interest on lease liabilities	339	291

[#] Included HK\$1,956,000 (2022: HK\$13,026,000) and nil (2022: HK\$21,000) in respect of amortisation of media content commercial rights and brand licensing contracts, respectively, which are included in "Cost of sales" on the face of the consolidated statement of profit or loss.

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

7. Income Tax

Hong Kong profits tax has been provided at the rate of 16.5% (2022: 16.5%) on the estimated assessable profits arising in Hong Kong during the Year, except for one subsidiary of the Group which is a qualifying entity under the two-tiered profits tax rates regime effective from the year of assessment 2019/2020. The first HK\$2,000,000 (2022: HK\$2,000,000) of assessable profits of that subsidiary is taxed at 8.25% and the remaining assessable profits are 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.

	2023	2022
	<i>HK\$'000</i>	<i>HK\$'000</i>
Current — Hong Kong		
Charge for the year	3,739	2,487
Overprovision in prior years	(418)	(378)
Current — Elsewhere		
Charge for the year	1,206	169
Deferred	<u>—</u>	<u>(4)</u>
Total tax charge for the year	<u>4,527</u>	<u>2,274</u>

8. Dividends

The dividends paid by the Company are as follows:

	2023 <i>HK\$'000</i>	2022 <i>HK\$'000</i>
Dividends declared and recognised as distribution during the Reporting Period:		
Interim dividend for the year — HK 0.70 cent (2022: HK 0.50 cent) per ordinary share	13,944	9,960
Less: Dividend for shares held under the share award scheme	<u>(481)</u>	<u>(340)</u>
	<u>13,463</u>	<u>9,620</u>
Final dividend for the year ended 31 March 2022 — HK 0.35 cent (year ended 31 March 2021: HK 0.20 cent) per ordinary share	6,972	3,984
Less: Dividend for shares held under the share award scheme	<u>(236)</u>	<u>(132)</u>
	<u>6,736</u>	<u>3,852</u>
	<u>20,199</u>	<u>13,472</u>
Dividend proposed after the end of the Reporting Period:		
Proposed final dividend for the year — HK 0.42 cent (year ended 31 March 2022: HK 0.35 cent) per ordinary share	<u>8,366</u>	<u>6,972</u>

The proposed final dividend for the year ended 31 March 2023 is subject to the approval of the Company's shareholders at the forthcoming annual general meeting.

9. Earnings Per Share Attributable to Shareholders of the Company

The calculation of basic earnings per share for the year ended 31 March 2023 is based on the consolidated profit for the year attributable to shareholders of the Company of HK\$47,523,000 (2022: HK\$42,426,000), and the weighted average number of our Company's ordinary shares of 1,925,041,781 (2022: 1,925,914,332) in issue during the Year as adjusted to exclude the shares held under share award scheme of the Company.

No adjustment has been made to the basic earnings per share presented for the years ended 31 March 2023 and 2022 as the Group has no potentially dilutive ordinary shares in issue during those periods.

10. Licensed Assets

	2023 <i>HK\$'000</i>	2022 <i>HK\$'000</i>
Licensed rights	259,684	207,575
Prepayments for licensed rights	70,384	103,369
	<u>330,068</u>	<u>310,944</u>

Licensed assets represent payments to licensors in connection with cost to obtain media content distribution rights and brand licensing rights over a definitive licensing period. These licensed assets are held to generate revenue in the ordinary course of the Group's businesses.

11. Trade Receivables

	2023 <i>HK\$'000</i>	2022 <i>HK\$'000</i>
Billed	159,976	171,873
Unbilled	41,538	8,938
	201,514	180,811
Less: Allowance for impairment	(8,595)	(16,073)
	<u>192,919</u>	<u>164,738</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 payments usually due upon the issuance of the letters of authorisation relating to the media contents to the respective customers. 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 payments 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:

	2023 <i>HK\$'000</i>	2022 <i>HK\$'000</i>
Within 30 days	8,813	58,755
31 to 60 days	7,653	3,743
61 to 90 days	2,004	3,182
91 to 180 days	44,098	33,541
181 to 360 days	63,700	41,810
Over 360 days	33,708	30,842
	<u>159,976</u>	<u>171,873</u>

12. Trade Payables

	2023 <i>HK\$'000</i>	2022 <i>HK\$'000</i>
Billed	46,196	102,094
Unbilled	139,155	92,623
	<u>185,351</u>	<u>194,717</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:

	2023 <i>HK\$'000</i>	2022 <i>HK\$'000</i>
Within 30 days	23,818	13,948
31 to 90 days	9,559	7,168
Over 90 days	12,819	80,978
	<u>46,196</u>	<u>102,094</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 exceed the minimum guarantee, the amounts are due when the Group submits the royalty reports to the licensors which are subsequent to the collection of the corresponding trade receivables from the licensees.

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

13. Share Capital

	2023 <i>HK\$'000</i>	2022 <i>HK\$'000</i>
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>

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

Hong Kong, 30 June 2023

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 Mr. Fung Ying Wai Wilson, MH, Ms. Leung Chan Che Ming Miranda 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.