

IPO FACT SHEET

Medialink Group Limited (2230)

ISSUE STATISTICS

Offer Size:	HK\$224.10m - HK\$263.94m
Placement Tranche:	498m
Price:	HK\$0.45 - HK\$0.53
Board lot:	5,000
Entry fee:	HK\$2,676.70
Historical PE	9.6x - 11.3x
Net tangible asset per share:	HK\$0.24 - HK\$0.26
Market Cap (post-IPO):	HK\$896.40m- HK\$1,055.76m
Open:	30 Apr 2019
Close:	12.00 noon on 10 May 2019
Trading:	21 May 2019
Sponsor:	Guotai Junan International

Year ended 31 Mar	(HK\$'000)	yoy % chg
Revenue		
2017	263,823	54.2%
2018	313,876	19.0%
Profit for the year/period		
2017	53,577	51.6%
2018	93,835	75.1%

BACKGROUND

- The Group is a leading distributor of third-party owned media content headquartered in Hong Kong with presence in the PRC, Singapore, Malaysia, Taiwan, Indonesia and Japan.
- Under the Media Content Distribution Business, the Group cooperates closely with the media content licensors through entering into content distribution arrangements with them and are capable of distributing media content relating to animation series, variety shows, drama series and animated and live-action feature films to its customers through entering into content sub-licensing agreements with them.
- During the Track Record Period, revenue derived from Japanese animation distribution accounted for approximately 80.3%, 87.2%, 90.2% and 86.8% of total revenue, respectively. According to the Frost & Sullivan Report, the Group ranked number one among Japanese animation distributors in the PRC in terms of revenue in 2017.
- As at the Latest Practicable Date, it had established relationships with its five largest suppliers for the Track Record Period for periods ranging between two and 17 years.
- Its major customers primarily included operators of online media platforms and media networks. For the three years ended 31 March 2018 and the seven months ended 31 October 2018, the revenue attributable to its five largest customers accounted for approximately 61.2%, 69.0%, 80.5% and 82.2%, of its total revenue for the same periods.

BUSINESS STRATEGIES

- Enrich and expand its media content offering to stay abreast of evolving viewer preferences.
- Enhance its position in existing markets and strategically expand into other selected markets.
- Expand its Brand Licensing Business by increasing its brand offerings.
- Introduce media content and brands created in Hong Kong to international audience.
- Invest in the production of animated/live-action media content.
- Replicate the success in its proprietary “Ani-One” brand and seek further opportunities to develop its Media Content Distribution Business.
- Relocate its Hong Kong office and continue to recruit talents to support its business growth in its Hong Kong and the PRC/overseas

offices.

COMPETITIVE STRENGTHS

- Strong standing relationships with media content licensors.
- Broad portfolio of media content enables it to offer a wide selection of different content to satisfy customers' preferences and tastes.
- Established a broad and extensive content distribution network with some of the reputable media platforms.
- Play a key role as a distributor of media content capable of providing one-stop distribution services to its customers.
- An experienced senior management team with comprehensive industry and market knowledge and a proven track record.

KEY RISKS

- If the Group fails to source high-quality, popular media content from media content licensors upon terms acceptable to it or if there is any loss or deterioration of relationship with its media content licensors, its business may be materially and adversely affected.
- If the Group fails to identify sufficient or suitable customers for its licensed media content, its business performance, results of operations and financial condition may be materially and adversely affected.
- If the Group fails to identify the market trend and its licensed media content fail to compete successfully with other media content, its business performance, results of operations and financial condition may be materially and adversely affected.
- Any imposition of additional or more stringent laws or regulations on the distribution of media content by the PRC government or governments of other regions may result in an adverse effect on its results of operations.
- The Group mainly derived its revenue in the PRC during the Track Record Period and changes in the PRC market or economic conditions could adversely affect its results of operations.
- Distribution of its licensed media content on the internet may be found objectionable by the PRC regulatory authorities and affect its results of operations.
- It generated a substantial portion of revenue from its five largest customers during the Track Record Period and any loss or deterioration of relationship with them may affect its business.

DIVIDEND POLICY

- No fixed dividend policy.

USE OF PROCEEDS

	HK mn	As a percentage of gross proceeds from the Invitation
To settle the advance payment/minimum guarantee payment for obtaining licensing rights of new media content in order to strengthen its media content portfolio in Media Content Distribution Business.	112.4	54.8%
To settle the advance payment/minimum guarantee payment for obtaining new licensing rights of brands in order to cope with the expansion of its Brand Licensing Business.	36.0	17.5%
For relocation and renovation of its Hong Kong office and upgrading its information technology equipment to facilitate the expansion.	14.2	6.9%
For co-investment in the production of media content.	19.5	9.5%
For expanding its media content team, brand licensing team and expanding its workforce and enhancing back office support in its Hong Kong headquarter and overseas offices.	9.6	4.7%
For general working capital purposes.	13.5	6.6%
Total:	205.2	100.0%

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