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MEDIA CHINESE INTERNATIONAL LIMITED

世界華文媒體有限公司

(Incorporated in Bermuda with limited liability)

(Malaysia Company No. 995098-A)

(Hong Kong Stock Code: 685)

(Malaysia Stock Code: 5090)

ANNOUNCEMENT

FINANCIAL REPORT FOR THE THIRD QUARTER ENDED 31 DECEMBER 2019

Pursuant to Paragraph 9.22 of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad (“Bursa Securities”), Media Chinese International Limited (the “Company”), a public company listed on the main market of Bursa Securities, announced the unaudited condensed consolidated results of the Company and its subsidiaries (collectively the “Group”) for the quarter ended 31 December 2019 to Bursa Securities on 27 February 2020.

This announcement is also made pursuant to Rule 13.09(2)(a) of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (“HK Listing Rules”) and the Inside Information Provisions (as defined under the HK Listing Rules) under Part XIVA of the Securities and Futures Ordinance (Chapter 571, Laws of Hong Kong).

27 February 2020

As at the date of this announcement, the Board comprises Ms. TIONG Choon, Mr. TIONG Kiew Chiong and Mr. LEONG Chew Meng, being executive directors; Dato’ Sri Dr. TIONG Ik King, being non-executive director; and Mr. YU Hon To, David, Datuk CHONG Kee Yuon and Mr. KHOO Kar Khoon, being independent non-executive directors.

MEDIA CHINESE INTERNATIONAL LIMITED
(Incorporated in Bermuda with limited liability) (Malaysia Company No. 995098-A)
Financial report for the third quarter ended 31 December 2019

CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS

	(Unaudited) Three months ended 31 December		(Unaudited) Three months ended 31 December	
	2019 US\$'000	2018 US\$'000	2019 RM'000 <i>(Note)</i>	2018 RM'000 <i>(Note)</i>
Turnover	56,230	63,567	230,149	260,180
Cost of goods sold	(36,657)	(42,400)	(150,037)	(173,543)
Gross profit	19,573	21,167	80,112	86,637
Other income	2,309	2,086	9,451	8,538
Other gains/(losses) , net	19	(74)	78	(304)
Selling and distribution expenses	(10,368)	(11,424)	(42,436)	(46,758)
Administrative expenses	(5,580)	(6,930)	(22,839)	(28,364)
Other operating expenses	(954)	(1,130)	(3,905)	(4,625)
Operating profit	4,999	3,695	20,461	15,124
Finance costs	(180)	(691)	(737)	(2,829)
Profit before income tax	4,819	3,004	19,724	12,295
Income tax expense	(1,447)	(1,152)	(5,922)	(4,715)
Profit for the quarter	3,372	1,852	13,802	7,580
Profit/(loss) attributable to:				
Owners of the Company	3,400	1,705	13,917	6,978
Non-controlling interests	(28)	147	(115)	602
	3,372	1,852	13,802	7,580
Earnings per share attributable to owners of the Company				
Basic (US cents/sen) #	0.20	0.10	0.82	0.41
Diluted (US cents/sen) #	0.20	0.10	0.82	0.41

Refer to B11 for calculations of basic and diluted earnings per share

Note: The presentation currency of this unaudited financial information is United States Dollar ("US\$"). Supplementary information in Malaysian Ringgit ("RM") for the quarter ended 31 December 2019 with comparatives is shown for reference only and has been made at the same exchange rate of US\$1 to RM4.0930 ruling at 31 December 2019. This translation should not be construed as a representation that the US\$ amounts actually represented have been, or could be, converted into RM at this or any other rate.

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CONDENSED CONSOLIDATED STATEMENT OF OTHER COMPREHENSIVE INCOME

	(Unaudited) Three months ended 31 December		(Unaudited) Three months ended 31 December	
	2019 US\$'000	2018 US\$'000	2019 RM'000 <i>(Note)</i>	2018 RM'000 <i>(Note)</i>
Profit for the quarter	3,372	1,852	13,802	7,580
Other comprehensive income/(loss)				
Item that may be reclassified subsequently to profit or loss:				
Currency translation differences	3,538	(40)	14,481	(164)
Items that will not be reclassified subsequently to profit or loss:				
Fair value change on financial assets at fair value through other comprehensive income	(549)	156	(2,247)	639
Revaluation of land and buildings	618	-	2,529	-
Other comprehensive income for the quarter, net of tax	3,607	116	14,763	475
Total comprehensive income for the quarter	6,979	1,968	28,565	8,055
Total comprehensive income/(loss) for the quarter attributable to:				
Owners of the Company	7,139	1,780	29,220	7,286
Non-controlling interests	(160)	188	(655)	769
	6,979	1,968	28,565	8,055

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CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS

	(Unaudited) Nine months ended 31 December		(Unaudited) Nine months ended 31 December	
	2019 US\$'000	2018 US\$'000	2019 RM'000 <i>(Note)</i>	2018 RM'000 <i>(Note)</i>
Turnover	200,760	231,268	821,711	946,580
Cost of goods sold	(139,946)	(159,013)	(572,799)	(650,840)
Gross profit	60,814	72,255	248,912	295,740
Other income	6,865	6,166	28,098	25,237
Other losses, net	(98)	(420)	(401)	(1,719)
Selling and distribution expenses	(33,130)	(37,891)	(135,601)	(155,088)
Administrative expenses	(19,568)	(22,290)	(80,092)	(91,233)
Other operating expenses	(3,540)	(3,425)	(14,489)	(14,018)
Operating profit	11,343	14,395	46,427	58,919
Finance costs	(523)	(2,155)	(2,141)	(8,821)
Profit before income tax	10,820	12,240	44,286	50,098
Income tax expense	(2,304)	(4,806)	(9,430)	(19,671)
Profit for the period	8,516	7,434	34,856	30,427
Profit/(loss) attributable to:				
Owners of the Company	8,849	7,743	36,219	31,692
Non-controlling interests	(333)	(309)	(1,363)	(1,265)
	8,516	7,434	34,856	30,427
Earnings per share attributable to owners of the Company				
Basic (US cents/sen) #	0.52	0.46	2.13	1.88
Diluted (US cents/sen) #	0.52	0.46	2.13	1.88

Refer to B11 for calculations of basic and diluted earnings per share

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CONDENSED CONSOLIDATED STATEMENT OF OTHER COMPREHENSIVE INCOME

	(Unaudited)		(Unaudited)	
	Nine months ended		Nine months ended	
	31 December		31 December	
	2019	2018	2019	2018
	US\$'000	US\$'000	RM'000	RM'000
			<i>(Note)</i>	<i>(Note)</i>
Profit for the period	8,516	7,434	34,856	30,427
Other comprehensive income/(loss)				
Items that may be reclassified subsequently to profit or loss:				
Currency translation differences	64	(10,436)	262	(42,714)
Currency translation differences released upon disposal of subsidiaries	-	215	-	880
Items that will not be reclassified subsequently to profit or loss:				
Fair value change on financial assets at fair value through other comprehensive income	(1,143)	(5,603)	(4,678)	(22,933)
Revaluation of land and buildings	618	-	2,529	-
Other comprehensive loss for the period, net of tax	(461)	(15,824)	(1,887)	(64,767)
Total comprehensive income/(loss) for the period	8,055	(8,390)	32,969	(34,340)
Total comprehensive income/(loss) for the period attributable to:				
Owners of the Company	8,682	(6,590)	35,535	(26,972)
Non-controlling interests	(627)	(1,800)	(2,566)	(7,368)
	8,055	(8,390)	32,969	(34,340)

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CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

	(Unaudited) As at 31 December 2019 US\$'000	(Audited) As at 31 March 2019 US\$'000	(Unaudited) As at 31 December 2019 RM'000 (Note)	(Unaudited) As at 31 March 2019 RM'000 (Note)
ASSETS				
Non-current assets				
Property, plant and equipment	73,955	79,209	302,698	324,202
Right-of-use assets	1,880	-	7,695	-
Investment properties	22,632	20,913	92,633	85,597
Intangible assets	8,570	9,141	35,076	37,414
Deferred income tax assets	226	224	925	917
Financial assets at fair value through other comprehensive income	1,924	3,044	7,875	12,459
	109,187	112,531	446,902	460,589
Current assets				
Inventories	20,703	24,869	84,737	101,789
Trade and other receivables	31,446	35,945	128,708	147,123
Financial assets at fair value through profit or loss	453	444	1,854	1,817
Income tax recoverable	419	637	1,715	2,607
Short-term bank deposits	12,244	5,951	50,115	24,357
Cash and cash equivalents	70,841	69,204	289,953	283,253
	136,106	137,050	557,082	560,946
Current liabilities				
Trade and other payables	34,242	32,796	140,153	134,234
Contract liabilities	8,822	18,858	36,108	77,186
Income tax liabilities	1,805	853	7,388	3,491
Bank and other borrowings	18,137	19,912	74,235	81,500
Lease liabilities	675	-	2,763	-
Current portion of other non-current liabilities	45	45	184	184
	63,726	72,464	260,831	296,595
Net current assets	72,380	64,586	296,251	264,351
Total assets less current liabilities	181,567	177,117	743,153	724,940

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CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION (Continued)

	(Unaudited) As at 31 December 2019 US\$'000	(Audited) As at 31 March 2019 US\$'000	(Unaudited) As at 31 December 2019 RM'000 (Note)	(Unaudited) As at 31 March 2019 RM'000 (Note)
EQUITY				
Equity attributable to owners of the Company				
Share capital	21,715	21,715	88,879	88,879
Share premium	54,664	54,664	223,740	223,740
Other reserves	(113,340)	(113,173)	(463,901)	(463,217)
Retained earnings	209,015	204,553	855,498	837,235
	<u>172,054</u>	<u>167,759</u>	<u>704,216</u>	<u>686,637</u>
Non-controlling interests	1,434	2,062	5,870	8,440
Total equity	<u>173,488</u>	<u>169,821</u>	<u>710,086</u>	<u>695,077</u>
Non-current liabilities				
Lease liabilities	1,228	-	5,026	-
Deferred income tax liabilities	5,418	5,967	22,176	24,423
Other non-current liabilities	1,433	1,329	5,865	5,440
	<u>8,079</u>	<u>7,296</u>	<u>33,067</u>	<u>29,863</u>
	<u>181,567</u>	<u>177,117</u>	<u>743,153</u>	<u>724,940</u>
Net assets per share attributable to owners of the Company (US cents /sen)	<u>10.20</u>	<u>9.94</u>	<u>41.75</u>	<u>40.68</u>

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CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

	(Unaudited)						Total equity US\$'000
	Attributable to owners of the Company					Non- controlling interests US\$'000	
	Share capital US\$'000	Share premium US\$'000	Other reserves US\$'000	Retained earnings US\$'000	Sub-total US\$'000		
At 1 April 2018	21,715	54,664	(100,380)	221,670	197,669	4,099	201,768
Profit/(loss) for the period	-	-	-	7,743	7,743	(309)	7,434
Other comprehensive (loss)/income							
Items that may be reclassified subsequently to profit or loss:							
Currency translation differences	-	-	(10,403)	-	(10,403)	(33)	(10,436)
Currency translation differences released upon disposal of subsidiaries	-	-	157	-	157	58	215
Item that will not be reclassified subsequently to profit or loss:							
Fair value change on financial assets at fair value through other comprehensive income	-	-	(4,087)	-	(4,087)	(1,516)	(5,603)
Other comprehensive loss, net of tax	-	-	(14,333)	-	(14,333)	(1,491)	(15,824)
Total comprehensive (loss)/income for the period ended 31 December 2018	-	-	(14,333)	7,743	(6,590)	(1,800)	(8,390)
Total transactions with owners, recognised directly in equity							
2017/2018 second interim dividend	-	-	-	(3,037)	(3,037)	-	(3,037)
2018/2019 first interim dividend	-	-	-	(3,037)	(3,037)	-	(3,037)
2017/2018 interim dividend paid by an unlisted subsidiary	-	-	-	-	-	-*	-*
2018/2019 interim dividend paid by an unlisted subsidiary	-	-	-	-	-	(3)	(3)
	-	-	-	(6,074)	(6,074)	(3)	(6,077)
At 31 December 2018	21,715	54,664	(114,713)	223,339	185,005	2,296	187,301

* negligible

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CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY (Continued)

	(Unaudited)						Total equity US\$'000
	Attributable to owners of the Company					Non- controlling interests US\$'000	
	Share capital US\$'000	Share premium US\$'000	Other reserves US\$'000	Retained earnings US\$'000	Sub-total US\$'000		
At 1 April 2019	21,715	54,664	(113,173)	204,553	167,759	2,062	169,821
Profit/(loss) for the period	-	-	-	8,849	8,849	(333)	8,516
Other comprehensive income/(loss)							
Item that may be reclassified subsequently to profit or loss:							
Currency translation differences	-	-	52	-	52	12	64
Items that will not be reclassified subsequently to profit or loss:							
Fair value change on financial assets at fair value through other comprehensive income	-	-	(835)	-	(835)	(308)	(1,143)
Revaluation of land and buildings	-	-	616	-	616	2	618
Other comprehensive loss, net of tax	-	-	(167)	-	(167)	(294)	(461)
Total comprehensive (loss)/income for the period ended 31 December 2019	-	-	(167)	8,849	8,682	(627)	8,055
Total transactions with owners, recognised directly in equity							
2018/2019 second interim dividend	-	-	-	(1,687)	(1,687)	-	(1,687)
2019/2020 first interim dividend	-	-	-	(2,700)	(2,700)	-	(2,700)
2018/2019 interim dividend paid by an unlisted subsidiary	-	-	-	-	-	(1)	(1)
2019/2020 interim dividend paid by an unlisted subsidiary	-	-	-	-	-	-*	-*
	-	-	-	(4,387)	(4,387)	(1)	(4,388)
At 31 December 2019	21,715	54,664	(113,340)	209,015	172,054	1,434	173,488

* negligible

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CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY (Continued)

	(Unaudited)						Non- controlling interests RM'000 (Note)	Total equity RM'000 (Note)
	Attributable to owners of the Company					Sub-total RM'000 (Note)		
	Share capital RM'000 (Note)	Share premium RM'000 (Note)	Other reserves RM'000 (Note)	Retained earnings RM'000 (Note)	Retained earnings RM'000 (Note)			
At 1 April 2018	88,879	223,740	(410,855)	907,295	809,059	16,777	825,836	
Profit/(loss) for the period	-	-	-	31,692	31,692	(1,265)	30,427	
Other comprehensive (loss)/income								
Items that may be reclassified subsequently to profit or loss:								
Currency translation differences	-	-	(42,579)	-	(42,579)	(135)	(42,714)	
Currency translation differences released upon disposal of subsidiaries	-	-	643	-	643	237	880	
Item that will not be reclassified subsequently to profit or loss:								
Fair value change on financial assets at fair value through other comprehensive income	-	-	(16,728)	-	(16,728)	(6,205)	(22,933)	
Other comprehensive loss, net of tax	-	-	(58,664)	-	(58,664)	(6,103)	(64,767)	
Total comprehensive (loss)/income for the period ended 31 December 2018	-	-	(58,664)	31,692	(26,972)	(7,368)	(34,340)	
Total transactions with owners, recognised directly in equity								
2017/2018 second interim dividend	-	-	-	(12,430)	(12,430)	-	(12,430)	
2018/2019 first interim dividend	-	-	-	(12,430)	(12,430)	-	(12,430)	
2017/2018 interim dividend paid by an unlisted subsidiary	-	-	-	-	-	-*	-*	
2018/2019 interim dividend paid by an unlisted subsidiary	-	-	-	-	-	(12)	(12)	
	-	-	-	(24,860)	(24,860)	(12)	(24,872)	
At 31 December 2018	88,879	223,740	(469,519)	914,127	757,227	9,397	766,624	

* negligible

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CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY (Continued)

	(Unaudited)						Total equity RM'000 (Note)
	Attributable to owners of the Company					Non- controlling interests RM'000 (Note)	
	Share capital RM'000 (Note)	Share premium RM'000 (Note)	Other reserves RM'000 (Note)	Retained earnings RM'000 (Note)	Sub-total RM'000 (Note)		
At 1 April 2019	88,879	223,740	(463,217)	837,235	686,637	8,440	695,077
Profit/(loss) for the period	-	-	-	36,219	36,219	(1,363)	34,856
Other comprehensive income/(loss)							
Item that may be reclassified subsequently to profit or loss:							
Currency translation differences	-	-	213	-	213	49	262
Items that will not be reclassified subsequently to profit or loss:							
Fair value change on financial assets at fair value through other comprehensive income	-	-	(3,418)	-	(3,418)	(1,260)	(4,678)
Revaluation of land and buildings	-	-	2,521	-	2,521	8	2,529
Other comprehensive loss, net of tax	-	-	(684)	-	(684)	(1,203)	(1,887)
Total comprehensive (loss)/income for the period ended 31 December 2019	-	-	(684)	36,219	35,535	(2,566)	32,969
Total transactions with owners, recognised directly in equity							
2018/2019 second interim dividend	-	-	-	(6,905)	(6,905)	-	(6,905)
2019/2020 first interim dividend	-	-	-	(11,051)	(11,051)	-	(11,051)
2018/2019 interim dividend paid by an unlisted subsidiary	-	-	-	-	-	(4)	(4)
2019/2020 interim dividend paid by an unlisted subsidiary	-	-	-	-	-	-*	-*
	-	-	-	(17,956)	(17,956)	(4)	(17,960)
At 31 December 2019	88,879	223,740	(463,901)	855,498	704,216	5,870	710,086

* negligible

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CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

	(Unaudited)		(Unaudited)	
	Nine months ended		Nine months ended	
	31 December		31 December	
	2019	2018	2019	2018
	US\$'000	US\$'000	RM'000	RM'000
			<i>(Note)</i>	<i>(Note)</i>
Cash flows from operating activities				
Cash generated from operations	15,884	17,144	65,013	70,170
Interest paid	(523)	(1,470)	(2,141)	(6,016)
Income tax paid	(1,691)	(3,794)	(6,921)	(15,529)
Net cash generated from operating activities	13,670	11,880	55,951	48,625
Cash flows from investing activities				
Dividends received	152	149	622	610
(Increase)/decrease in short-term bank deposits with original maturity over three months	(6,293)	18,150	(25,756)	74,287
Interest received	1,166	2,426	4,772	9,930
Proceeds from disposal of property, plant and equipment	613	49	2,509	201
Proceeds from disposal of subsidiaries and joint ventures	-	10	-	41
Purchases of intangible assets	(105)	(190)	(430)	(778)
Purchases of property, plant and equipment	(1,096)	(1,251)	(4,486)	(5,120)
Net cash (used in)/generated from investing activities	(5,563)	19,343	(22,769)	79,171
Cash flows from financing activities				
Dividends paid	(4,387)	(6,074)	(17,956)	(24,860)
Dividends paid to non-controlling interests by an unlisted subsidiary	(1)	(3)	(4)	(12)
Proceeds from bank and other borrowings	2,477	5,468	10,137	22,381
Repayments of bank and other borrowings	(4,368)	(10,816)	(17,878)	(44,272)
Principal elements of lease liabilities	(518)	-	(2,120)	-
Net cash used in financing activities	(6,797)	(11,425)	(27,821)	(46,763)
Net increase in cash and cash equivalents	1,310	19,798	5,361	81,033
Cash and cash equivalents at beginning of period	69,204	101,923	283,253	417,171
Exchange adjustments on cash and cash equivalents	327	(7,131)	1,339	(29,187)
Cash and cash equivalents at end of period	70,841	114,590	289,953	469,017

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A. NOTES TO THE FINANCIAL INFORMATION

A1. Basis of preparation

This condensed consolidated financial information of the Company and its subsidiaries (collectively the “Group”) for the quarter and nine months ended 31 December 2019 (“this financial information”) has been prepared in accordance with the International Accounting Standard (“IAS”) 34 “Interim Financial Reporting” issued by the International Accounting Standards Board, Rule 13.09(2)(a) of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (“HK Listing Rules”) and paragraph 9.22 of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad (“Bursa Listing Requirements”).

This financial information should be read in conjunction with the annual financial statements for the year ended 31 March 2019 which were prepared in accordance with International Financial Reporting Standards (“IFRSs”).

This financial information has not been audited.

A2. Accounting policies

The accounting policies adopted are consistent with those of the previous financial year except for the adoption of new and amended standards as set out below.

Taxes on income for the three months and nine months ended 31 December 2019 are accrued using the tax rate that would be applicable to expected total annual earnings.

(i) New and amended standards adopted by the Group

A number of new or amended standards became applicable for the current reporting period:

- Amendments to IAS 19, “Plan amendment, curtailment or settlement”
- Amendments to IAS 28, “Long-term interests in associates and joint ventures”
- Amendments to IFRS 9, “Prepayment features with negative compensation”
- New standard IFRS 16, “Leases”
- Interpretations IFRIC 23, “Uncertainty over income tax treatments”
- Annual improvement, “Annual improvements to IFRSs 2015–2017 cycle”

The impact of the adoption of IFRS 16 “Leases” and change in accounting policies are disclosed in Note A3 below. The other standards did not have any material impact on the Group’s accounting policies and did not require retrospective adjustments.

(ii) Impact of new and amended standards and interpretations that have been issued but are not yet effective and have not been early adopted by the Group

The following new and amended standards and interpretations have been issued but are not yet effective and have not been early adopted by the Group:

		Effective for annual periods beginning on or after
Amendments to IAS 1 and IAS 8	Definition of material	1 January 2020
Amendments to IFRS 3 and IAS 28	Definition of a business	1 January 2020
Amendments to IFRS 10 and IAS 28	Sale or contribution of assets between an investor and its associate or joint venture	Effective Date to be determined
Conceptual framework for financial reporting 2018	Revised conceptual framework for financial reporting	1 January 2020
IFRS 17	Insurance contracts	1 January 2021

There are no other new, amended or revised standards and interpretations that are not yet effective and that would be expected to have a material impact on the Group.

A. NOTES TO THE FINANCIAL INFORMATION (Continued)

A3. Impact on the financial statements from the adoption of IFRS 16

This note explains the impact of the adoption of IFRS 16 “Leases” on the Group’s consolidated financial statements and also discloses the new accounting policies that have been applied from 1 April 2019.

The Group has adopted IFRS 16 retrospectively from 1 April 2019, but has not restated prior period comparatives, as permitted under the specific transitional provisions in the standard. The reclassifications and the adjustments arising from the new leasing rules are therefore recognised in the opening balances of the Group’s consolidated statement of financial position as at 1 April 2019.

(a) Adjustments recognised on adoption of IFRS 16

On adoption of IFRS 16, the Group recognised lease liabilities in relation to leases which had previously been classified as “operating leases” under the principles of IAS 17 “Leases”.

These liabilities were measured at the present value of the remaining lease payments, discounted using the lessee’s incremental borrowing rate as of 1 April 2019, except for short-term leases and leases for which the underlying asset is of low value, to which the respective lease payments associated with those leases are recognised as an expense on a straight-line basis over the lease term. The weighted average lessee’s incremental borrowing rate applied to the lease liabilities on 1 April 2019 was 3.0%.

The Group had outstanding lease commitments of US\$2,369,000 as at 31 March 2019:

	US\$’000
Discounted using the lessee’s incremental borrowing rate at the date of initial application	2,260
Less: short-term leases not recognised as a liability	(706)
Less: low value leases not recognised as a liability	(245)
	<hr/>
Lease liabilities to be recognised	1,309
Net-off with prepayment	(2)
	<hr/>
Lease liabilities recognised as at 1 April 2019	1,307
	<hr/>
Of which are:	
Current lease liabilities	650
Non-current lease liabilities	657
	<hr/>
	<u>1,307</u>

A. NOTES TO THE FINANCIAL INFORMATION (Continued)

A3. Impact on the financial statements from the adoption of IFRS 16 (Continued)

(a) Adjustments recognised on adoption of IFRS 16 (Continued)

Right-of-use assets recognised relate to the following types of assets:

	31 December 2019	1 April 2019
	US\$'000	US\$'000
Right-of-use assets - properties	<u><u>1,880</u></u>	<u><u>1,309</u></u>

The change in accounting policy affected the following items in the consolidated statement of financial position as at 1 April 2019:

- Right-of-use assets - increased by US\$1,309,000
- Prepayments - decreased by US\$2,000
- Lease liabilities - increased by US\$1,307,000

There was no impact to the Group's retained earnings as at 1 April 2019 for the adoption of IFRS 16.

Practical expedients applied

In applying IFRS 16 for the first time, the Group has used the following practical expedients permitted by the standard:

- the use of a single discount rate to a portfolio of leases with reasonably similar characteristics;
- the accounting for operating leases with a remaining lease term of less than 12 months as at 1 April 2019 as short-term leases;
- the exclusion of initial direct costs for the measurement of the right-of-use asset at the date of initial application; and
- the use of hindsight in determining the lease term where the contract contains options to extend or terminate the lease.

The Group has also elected not to apply IFRS 16 to contracts that were not identified as containing a lease under IAS 17 and IFRIC 4 "Determining whether an Arrangement Contains a Lease".

(b) The Group's leasing activities and how these are accounted for

The Group leases various offices and equipment. Rental contracts are typically made for fixed periods of 1 to 10 years. Lease terms are negotiated on an individual basis and contain a wide range of different terms and conditions. The lease agreements do not impose any covenants, but leased assets may not be used as security for borrowing purposes.

Until the financial year 2018/2019, leases of property, plant and equipment were classified as operating leases. Payments made under operating leases (net of any incentives received from the lessors) were charged to profit or loss on a straight-line basis over the periods of the leases.

A. NOTES TO THE FINANCIAL INFORMATION (Continued)

A3. Impact on the financial statements from the adoption of IFRS 16 (Continued)

(b) The Group's leasing activities and how these are accounted for (Continued)

From 1 April 2019, leases are recognised as a right-of-use asset and a corresponding liability at the date at which the leased asset is available for use by the Group. Each lease payment is allocated between the liability and finance cost. The finance cost is charged to profit or loss over the lease period so as to produce a constant periodic rate of interest on the remaining balance of the liability for each period. The right-of-use asset is depreciated over the shorter of the asset's useful life and the lease term on a straight-line basis.

Assets and liabilities arising from a lease are initially measured on a present value basis. Lease liabilities include the net present value of the following lease payments:

- fixed payments (including in-substance fixed payments), less any lease incentives receivable;
- variable lease payments that are based on an index or a rate;
- amounts expected to be payable by the lessee under residual value guarantees;
- the exercise price of a purchase option if the lessee is reasonably certain to exercise that option; and
- payments of penalties for terminating the lease, if the lease term reflects the lessee exercising that option.

The lease payments are discounted using the interest rate implicit in the lease. If that rate cannot be determined, the lessee's incremental borrowing rate is used, being the rate that the lessee would have to pay to borrow the funds necessary to obtain an asset of similar value in a similar economic environment with similar terms and conditions.

Right-of-use assets are measured at cost comprising the following:

- the amount of the initial measurement of lease liability;
- any lease payments made at or before the commencement date less any lease incentives received;
- any initial direct costs; and
- restoration costs.

Payments associated with short-term leases and leases of low-value assets are recognised on a straight-line basis as an expense in profit or loss. Short-term leases are leases with a lease term of 12 months or less. Low-value assets comprise IT-equipment and small items of office furniture.

A. NOTES TO THE FINANCIAL INFORMATION (Continued)

A4. Functional currency and translation to presentation currency

Items included in the financial statements of each of the Group's entities are measured using the currency of the primary economic environment in which the entity operates, i.e. the functional currency. The functional currency of the Company is Malaysian Ringgit ("RM"). However, each entity within the Group can present its financial statements in any currency, which can be the same or different from the entity's functional currency. As the Group operates internationally, management considers that it is more appropriate to use the United States Dollar ("US\$"), a globally recognised currency, as the presentation currency for the Group's consolidated financial statements. For the entity whose functional currency is not US\$, its results and financial position have been translated into US\$.

The assets and liabilities of each entity within the Group are mostly denominated in its own functional currency and do not have material impact on the consolidated statement of profit or loss for the period.

During the nine months ended 31 December 2019, the Group is particularly exposed to movements in the US\$ to RM exchange rate as a major part of the Group's operations is located in Malaysia.

A5. Auditor's report on preceding annual financial statements

The auditor's report of the Group's annual financial statements for the year ended 31 March 2019 was not subject to any qualification.

A6. Seasonal or cyclical factors

The business operations of the Group may be affected by major festive seasons or major events that may increase or decrease the advertising revenue and the travel business revenue.

A7. Unusual items

There were no unusual items affecting the Group's assets, liabilities, equity, net income or cash flows during the quarter under review.

A8. Changes in estimates

There were no material changes in estimates of amounts reported in prior financial years that have a material effect on the results of the quarter under review.

A9. Changes in debt and equity securities

There were no issuance, cancellation, repurchase, resale and repayment of debt and equity securities during the quarter under review.

A10. Dividends paid

The second interim dividend of US0.10 cents per ordinary share, totaling US\$1,687,000, in respect of the year ended 31 March 2019 was paid on 12 July 2019.

The first interim dividend of US0.16 cents per ordinary share, totaling US\$2,700,000, in respect of the year ending 31 March 2020 was paid on 30 December 2019.

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A. NOTES TO THE FINANCIAL INFORMATION (Continued)

A11. Turnover and segment information

The Group Executive Committee is the Group's chief operating decision-maker. Management has determined the operating segments based on the reports that are reviewed and used by the Group Executive Committee for strategic decision-making.

The Group is organised operationally on a worldwide basis in four major operating segments:

Publishing and printing: Malaysia and other Southeast Asian countries
Publishing and printing: Hong Kong and Taiwan
Publishing and printing: North America
Travel and travel related services

Publishing and printing segments are engaged in the publication, printing and distribution of newspapers, magazines, books and digital contents primarily in the Chinese language. The segments derive revenue mainly from the provision of advertising services and sales of newspapers and magazines. Travel and travel related services segment derives revenue from the sales of travel packages and provision of tour services.

The Group Executive Committee assesses the performance of the operating segments based on a measure of segment profit before income tax as presented in the internal financial report. Other information provided is measured in a manner consistent with that in the internal financial report.

The Group's turnover and results for the quarter ended 31 December 2019, analysed by operating segment, are as follows:

	(Unaudited)					Total US\$'000
	Three months ended 31 December 2019					
	Publishing and printing				Travel and travel related services	
	Malaysia and other Southeast Asian countries US\$'000	Hong Kong and Taiwan US\$'000	North America US\$'000	Sub-total US\$'000	US\$'000	
Turnover	28,094	11,431	2,674	42,199	14,031	56,230
Segment profit/(loss) before income tax	5,144	(462)	121	4,803	172	4,975
Other net unallocated expenses						(156)
Profit before income tax						4,819
Income tax expense						(1,447)
Profit for the quarter						3,372
Other segmental information:						
Interest income	378	8	12	398	17	415
Finance costs	-	(163)	-	(163)	(17)	(180)
Depreciation of property, plant and equipment	(1,270)	(291)	(44)	(1,605)	(8)	(1,613)
Depreciation of right-of-use assets	-	-	-	-	(187)	(187)
Amortisation of intangible assets	(164)	(31)	(2)	(197)	(1)	(198)

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A. NOTES TO THE FINANCIAL INFORMATION (Continued)

A11. Turnover and segment information (Continued)

The Group's turnover and results for the quarter ended 31 December 2018, analysed by operating segment, are as follows:

	(Unaudited)					Total US\$'000
	Three months ended 31 December 2018					
	Publishing and printing				Travel and travel related services	
	Malaysia and other Southeast Asian countries US\$'000	Hong Kong and Taiwan US\$'000	North America US\$'000	Sub-total US\$'000	US\$'000	
Turnover	30,997	13,197	3,281	47,475	16,092	63,567
Segment profit/(loss) before income tax	4,435	(434)	(529)	3,472	391	3,863
Unallocated finance costs						(653)
Other net unallocated expenses						(206)
Profit before income tax						3,004
Income tax expense						(1,152)
Profit for the quarter						1,852
Other segmental information:						
Interest income	771	3	2	776	17	793
Finance costs	(5)	(33)	-	(38)	-	(38)
Depreciation of property, plant and equipment	(1,415)	(307)	(60)	(1,782)	(9)	(1,791)
Amortisation of intangible assets	(170)	(47)	(2)	(219)	(8)	(227)

Disaggregation of revenue

Turnover is derived from publishing, printing and distribution of newspapers, magazines, books and digital contents primarily in the Chinese language, and provision of travel and travel related services.

Turnover recognised during the quarter is disaggregated as follows:

	(Unaudited)	
	Three months ended 31 December	
	2019 US\$'000	2018 US\$'000
By major products or service lines		
Timing of revenue recognition		
At a point in time		
Sales of newspapers, magazines, books and digital contents, net of trade discounts and returns	13,603	15,705
Travel and travel related services income	162	173
Over time		
Advertising income, net of trade discounts	28,596	31,770
Travel and travel related services income	13,869	15,919
	<u>56,230</u>	<u>63,567</u>

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A. NOTES TO THE FINANCIAL INFORMATION (Continued)

A11. Turnover and segment information (Continued)

The Group's turnover and results for the period ended 31 December 2019, analysed by operating segment, are as follows:

	(Unaudited)					
	Nine months ended 31 December 2019					
	Publishing and printing					
	Malaysia and other Southeast Asian countries US\$'000	Hong Kong and Taiwan US\$'000	North America US\$'000	Sub-total US\$'000	Travel and travel related services US\$'000	Total US\$'000
Turnover	82,773	36,536	8,182	127,491	73,269	200,760
Segment profit/(loss) before income tax	9,664	(2,061)	(715)	6,888	4,479	11,367
Other net unallocated expenses						<u>(547)</u>
Profit before income tax						10,820
Income tax expense						<u>(2,304)</u>
Profit for the period						<u>8,516</u>
Other segmental information:						
Interest income	1,059	23	32	1,114	52	1,166
Finance costs	(12)	(475)	-	(487)	(36)	(523)
Depreciation of property, plant and equipment	(3,861)	(871)	(137)	(4,869)	(25)	(4,894)
Depreciation of right-of-use assets	-	-	-	-	(545)	(545)
Amortisation of intangible assets	(508)	(89)	(6)	(603)	(16)	(619)

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A. NOTES TO THE FINANCIAL INFORMATION (Continued)

A11. Turnover and segment information (Continued)

The Group's turnover and results for the period ended 31 December 2018, analysed by operating segment, are as follows:

	(Unaudited)					
	Nine months ended 31 December 2018					
	Publishing and printing					
	Malaysia and other Southeast Asian countries US\$'000	Hong Kong, Taiwan and Mainland China US\$'000	North America US\$'000	Sub-total US\$'000	Travel and travel related services US\$'000	Total US\$'000
Turnover	99,398	38,849	10,113	148,360	82,908	231,268
Segment profit/(loss) before income tax	14,039	(2,576)	(2,253)	9,210	5,716	14,926
Unallocated finance costs						(1,999)
Other net unallocated expenses						(687)
Profit before income tax						12,240
Income tax expense						(4,806)
Profit for the period						<u>7,434</u>
Other segmental information:						
Interest income	2,368	10	4	2,382	44	2,426
Finance costs	(57)	(99)	-	(156)	-	(156)
Depreciation of property, plant and equipment	(4,375)	(915)	(195)	(5,485)	(27)	(5,512)
Amortisation of intangible assets	(524)	(141)	(6)	(671)	(24)	(695)

Disaggregation of revenue

Turnover is derived from publishing, printing and distribution of newspapers, magazines, books and digital contents primarily in the Chinese language, and provision of travel and travel related services.

Turnover recognised during the period is disaggregated as follows:

	(Unaudited)	
	Nine months ended 31 December	
	2019 US\$'000	2018 US\$'000
By major products or service lines		
Timing of revenue recognition		
At a point in time		
Sales of newspapers, magazines, books and digital contents, net of trade discounts and returns	43,336	50,582
Travel and travel related services income	800	780
Over time		
Advertising income, net of trade discounts	84,155	97,778
Travel and travel related services income	72,469	82,128
	<u>200,760</u>	<u>231,268</u>

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A. NOTES TO THE FINANCIAL INFORMATION (Continued)

A11. Turnover and segment information (Continued)

The segment assets and liabilities as at 31 December 2019 are as follows:

	(Unaudited)						Total US\$'000
	Publishing and printing				Travel and travel related services US\$'000	Elimination US\$'000	
	Malaysia and other Southeast Asian countries US\$'000	Hong Kong and Taiwan US\$'000	North America US\$'000	Sub-total US\$'000			
Segment assets	167,597	60,438	13,167	241,202	3,989	(1,666)	243,525
Unallocated assets							<u>1,768</u>
Total assets							<u>245,293</u>
Total assets include:							
Additions to non-current assets (other than deferred income tax assets)	875	293	23	1,191	10	-	<u>1,201</u>
Segment liabilities	(15,649)	(29,484)	(8,009)	(53,142)	(11,730)	1,666	(63,206)
Unallocated liabilities							<u>(8,599)</u>
Total liabilities							<u>(71,805)</u>

The segment assets and liabilities as at 31 March 2019 are as follows:

	(Audited)						Total US\$'000
	Publishing and printing				Travel and travel related services US\$'000	Elimination US\$'000	
	Malaysia and other Southeast Asian countries US\$'000	Hong Kong and Taiwan US\$'000	North America US\$'000	Sub-total US\$'000			
Segment assets	168,760	42,672	10,562	221,994	26,435	(270)	248,159
Unallocated assets							<u>1,422</u>
Total assets							<u>249,581</u>
Total assets include:							
Additions to non-current assets (other than deferred income tax assets)	5,892	376	44	6,312	18	-	<u>6,330</u>
Segment liabilities	(19,186)	(30,300)	(6,384)	(55,870)	(15,985)	270	(71,585)
Unallocated liabilities							<u>(8,175)</u>
Total liabilities							<u>(79,760)</u>

A. NOTES TO THE FINANCIAL INFORMATION (Continued)

A11. Turnover and segment information (Continued)

The elimination between segments represents intercompany receivables and payables between segments.

Segment assets consist primarily of property, plant and equipment, investment properties, intangible assets, financial assets at fair value through other comprehensive income, right-of-use assets, inventories, trade and other receivables, short-term bank deposits, and cash and cash equivalents. They mainly exclude deferred income tax assets, financial assets at fair value through profit or loss and income tax recoverable of the Group.

Segment liabilities consist primarily of trade and other payables, contract liabilities, retirement benefit obligations, defined benefit plan liabilities, bank and other borrowings, lease liabilities and other non-current liabilities. They mainly exclude deferred income tax liabilities and income tax liabilities of the Group.

A12. Valuation of property, plant and equipment

During the quarter ended 31 December 2019, two properties located in Malaysia were reclassified from property, plant and equipment to investment properties due to a change in use in accordance with IAS 40 "Investment Property". A valuation was carried out on the aforesaid properties by an independent third party valuer on an open market basis. A revaluation surplus of approximately RM2,571,000 (equivalent to approximately US\$618,000) was recognised in other comprehensive income.

Other than as disclosed above, there was no other revaluation of the Group's property, plant and equipment during the quarter ended 31 December 2019.

A13. Subsequent material events

There were no subsequent material events of the Group.

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A. NOTES TO THE FINANCIAL INFORMATION (Continued)

A14. Changes in the composition of the Group

There were no material changes in the composition of the Group during the quarter under review, except for the following with reference to the announcement made by the Company dated 8 January 2020:

- (a) MCIL Business Incubation Sdn Bhd, a dormant and indirect wholly-owned subsidiary of the Company, had commenced member's voluntary winding-up pursuant to Section 439(1)(b) of the Malaysian Companies Act, 2016.
- (b) On 20 December 2019, Ming Pao Holdings Limited ("MPH"), Mingpao.com Holdings Limited ("Mingpao.com Holdings"), Mingpao.com Limited ("Mingpao.com"), MediaNet Resources Limited ("MediaNet Resources") and Ming Pao Education Publications Limited ("MPE"), all being indirect wholly-owned subsidiaries of the Company, had completed an internal re-organisation (the "Internal Reorganisation") in which (1) Mingpao.com Holdings transferred 2 ordinary shares of HK\$1.00 each representing its entire interest in Mingpao.com to MPH for a consideration of HK\$2.00; (2) MediaNet Resources transferred 1 ordinary share of HK\$1.00 representing its entire interest in MPE to MPH for a consideration of HK\$1.00; and (3) Mingpao.com Holdings had been struck off from the Register of Companies in the Cayman Islands in accordance with Section 156 of the Companies Law (2018 Revision).
- (c) One Media Investment Limited, a dormant and indirect wholly-owned subsidiary of One Media Group Limited, had been struck off from the Registry of Corporate Affairs in the British Virgin Islands.

A15. Capital commitments

Capital commitments outstanding as at 31 December 2019 are as follows:

	(Unaudited)
	US\$'000
Property, plant and equipment :	
Authorised and contracted for	563
Authorised but not contracted for	825
	<hr/>
	1,388

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A. NOTES TO THE FINANCIAL INFORMATION (Continued)

A16. Related party transactions

	(Unaudited)		(Unaudited)	
	Three months ended 31 December		Nine months ended 31 December	
	2019	2018	2019	2018
	US\$'000	US\$'000	US\$'000	US\$'000
Advertising income received from related companies (<i>note 1</i>)	-	-	(1)	-
Commission received from sales of honey from a related company (<i>note 1</i>)	-	-	(1)	(1)
Newsprint purchases from a related company (<i>note 1</i>)	-	-	-	725
Provision of accounting and administrative services to related companies (<i>note 1</i>)	-	(5)	(5)	(13)
Provision of editorial pagination services to a related company (<i>note 1</i>)	-	-	-	(29)
Provision of engineering professional services by a related company (<i>note 1</i>)	14	13	35	37
Provision of legal services by a related company (<i>note 2</i>)	19	-	69	-
Purchase of air tickets from a related company (<i>note 1</i>)	-	1	9	7
Purchases of mineral water from a related company (<i>note 1</i>)	-	-	1	-
Rental expenses paid to related companies (<i>note 1</i>)	24	23	71	69
Gain on disposal of a motor vehicle to a member of the Company's senior management team	(11)	-	(11)	-
Scrap sales of old newspapers and magazines to a related company (<i>note 1</i>)	-	-	-	(98)

Notes:

- 1) Certain shareholders and directors of the Company are shareholders and/or directors of these related companies.
- 2) A director of a subsidiary of the Company is an associate of the related company.
- 3) All the transactions above have been entered into in the normal course of business and have been charged at predetermined rates agreed mutually by the parties involved.

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**B. ADDITIONAL INFORMATION REQUIRED BY BURSA SECURITIES'
MAIN MARKET LISTING REQUIREMENTS**

B1. Analysis of performance

	(Unaudited) Three months ended 31 December			(Unaudited) Nine months ended 31 December		
	2019 US\$'000	2018 US\$'000	% Change	2019 US\$'000	2018 US\$'000	% Change
Turnover	56,230	63,567	-11.5%	200,760	231,268	-13.2%
Profit before income tax	4,819	3,004	60.4%	10,820	12,240	-11.6%
EBITDA	6,582	4,920	33.8%	16,235	18,176	-10.7%

For the quarter ended 31 December 2019, the Group's turnover decreased by 11.5% to US\$56,230,000 when compared to the corresponding quarter in 2018. Both the publishing and printing and the travel segments reported decrease in turnover. Despite the revenue decline, the Group managed to report a higher profit before income tax of US\$4,819,000 for the current quarter, representing an increase of 60.4% or US\$1,815,000 over that of the prior year quarter. This was mainly due to stringent controls on expenses which, in total, fell 14.1% from the same quarter last year.

Compared to the corresponding quarter of the previous year, EBITDA for the quarter rose 33.8% to US\$6,582,000.

There was no significant currency impact on the Group's financial results for the quarter under review.

Publishing and Printing

For the quarter under review, the turnover of the publishing and printing segment decreased by 11.1% to US\$42,199,000 from US\$47,475,000 in the same quarter last year. This decline was seen across all of the Group's market segments. However, the segment's profit before income tax improved by 38.3% year-over-year to US\$4,803,000, compared to US\$3,472,000 in the 3rd quarter of 2018/2019, driven primarily by savings realised from cost reduction initiatives.

The Group's turnover for its Malaysia and other Southeast Asian markets fell by 9.4% to US\$28,094,000. This was in tandem with Malaysia's challenging domestic business conditions: the country registered a GDP growth of 3.6% in the fourth quarter of 2019, compared to 4.7% in the year-ago quarter, driven mainly by slowing domestic demand growth and continued sluggishness in exports.

To cushion the decline in revenue, the Group continued to focus on providing innovative advertising solutions that included custom-made content across a broad range of platforms. In addition, sponsored events such as the "Malaysia Health and Wellness Fair" and the "Sin Chew Business Excellence Awards" organised by *Sin Chew Daily*, and the "Golden Eagle Award" organised by *Nanyang Siang Pau* also contributed positively to the revenue of the Malaysian operations.

In terms of costs, there were substantial savings in production and manpower costs, mainly attributed to cheaper newsprint prices and natural attrition of the Group's manpower. As such, the segment reported a 16.0% increase in its profit before income tax to US\$5,144,000 from US\$4,435,000 in the previous year, despite the decline in turnover.

B. ADDITIONAL INFORMATION REQUIRED BY BURSA SECURITIES'
MAIN MARKET LISTING REQUIREMENTS (Continued)

B1. Analysis of performance (Continued)

For the quarter under review, the turnover of the Hong Kong and Taiwan segment fell by 13.4% to US\$11,431,000 from US\$13,197,000 recorded in the prior-year quarter. The segment reported a loss of US\$462,000 for the quarter, about the same level as last year's. The continuous protests in Hong Kong have impacted the city's retail and luxury goods sectors negatively which led to a decline in the revenue of the Group's operations in Hong Kong. The raising of the cover price of *Ming Pao Daily News* since March 2019 and the continuing growth in the segment's digital income has helped cushion such decline. The Group continued to focus on enhancing its growth in recruitment advertisements as well as participating in more advertisers and government sponsored projects. Savings from cost containment efforts also helped lessen the impact of lower revenue.

The performance of the North America segment remained subdued given the continued weakness of the Canadian economy. The turnover for this segment fell by 18.5% year-over-year to US\$2,674,000. However, it reported a profit before income tax of US\$121,000 as against a loss before income tax of US\$529,000 in the corresponding quarter last year. This was attributed to increased revenue following a recent raise in the newspaper's cover price and a grant from the local government as well as continued cost control efforts.

Travel and travel related services

Turnover for the travel segment amounted to US\$14,031,000 in the current quarter, a decrease of 12.8% when compared to the prior-year quarter. This was mainly caused by lower sales from the Hong Kong tour operation, the performance of which has been adversely affected by the city's ongoing protests that weakened people's travel sentiment. The travel segment reported a corresponding decrease in profit before income tax for the quarter of 56.0% to US\$172,000 from US\$391,000 in the same quarter last year.

Nine months of FY 2019/2020

For the nine months ended 31 December 2019, the Group's turnover fell by 13.2% to US\$200,760,000 when compared to the corresponding period last year, with decreases in the turnover of the Group's publishing and printing segment and the travel segment of 14.1% and 11.6% respectively.

As a result of the decline in turnover, the Group's profit before income tax for the current period fell by 11.6% to US\$10,820,000 from US\$12,240,000 in the same period last year, with weaker performance from both its publishing and printing and travel segments.

The Group's EBITDA for the period was US\$16,235,000 which was 10.7% below last year's US\$18,176,000.

During the nine months ended 31 December 2019, both the RM and the Canadian Dollar weakened against the US dollar, which resulted in negative currency impacts on the Group's turnover and profit before income tax of approximately US\$2,170,000 and US\$146,000 respectively.

**B. ADDITIONAL INFORMATION REQUIRED BY BURSA SECURITIES'
 MAIN MARKET LISTING REQUIREMENTS (Continued)**

B2. Variation of results against immediate preceding quarter

	(Unaudited) Three months ended 31 December 2019 US\$'000	(Unaudited) Three months ended 30 September 2019 US\$'000	% Change
Turnover	56,230	72,898	-22.9%
Profit before income tax	4,819	2,757	74.8%

The Group's total turnover for the current quarter fell by 22.9% or US\$16,668,000 to US\$56,230,000 when compared with the immediate preceding quarter. This was mainly due to a 52.5% or US\$15,501,000 decrease in the travel segment's turnover, as summer holidays fell in the immediate preceding quarter, which was customarily the peak period for the travel business. The turnover for the publishing and printing segment declined marginally by 2.7%.

The Group's profit before income tax increased by 74.8% to US\$4,819,000, mainly driven by improved performance from all publishing and printing segments.

B3. Current year prospects

The Group expects the business conditions for the remaining quarter of the financial year 2019/2020 to remain weak. The recent emergence of the COVID-19 outbreak worldwide is expected to further dampen consumption and tourism demand in the markets the Group operates in, especially Hong Kong which economy has already been hard hit by months of social unrest since June 2019. Moreover, the fourth quarter is normally a low season for both the advertising and travel businesses. These factors are expected to have negative impacts on the Group's turnover for the coming quarter.

Despite the increasing challenging business environment, the Group will continue its efforts in enhancing its core businesses, especially its digital business, and will offer more integrated advertising solutions across the Group's print and digital platforms for the advertisers to reach their target audiences. For the travel segment, the Group will continue to look for new destinations or bespoke tour packages that can stimulate people's desire to travel once the COVID-19 is contained. In terms of costs, the Group expects to have some savings from its production costs with the softening of the newsprint price. Meanwhile, the Group will continue to streamline its operations to achieve higher efficiency and cost effectiveness.

B4. Profit forecast and profit guarantee

The Group has not provided any profit forecast or profit guarantee in any public document.

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**B. ADDITIONAL INFORMATION REQUIRED BY BURSA SECURITIES'
MAIN MARKET LISTING REQUIREMENTS (Continued)**

B5. Profit before income tax

Profit before income tax has been arrived at after (charging) /crediting:

	(Unaudited)		(Unaudited)	
	Three months ended		Nine months ended	
	31 December		31 December	
	2019	2018	2019	2018
	US\$'000	US\$'000	US\$'000	US\$'000
Exchange gains/(losses), net	6	(42)	(102)	(63)
Provision for impairment and write-off of trade and other receivables	(34)	(51)	(473)	(284)
Provision for impairment and write-off of inventories	(37)	(37)	(116)	(137)
Write-off of intangible assets	-	-	(40)	-
Loss on disposal of subsidiaries and joint ventures	-	(9)	-	(218)
Gain/(loss) on disposal of property, plant and equipment	286	(6)	278	22

Save as disclosed above and in A11, the other items as required under Part A(16) of Appendix 9B of the Bursa Securities' Listing Requirements are not applicable.

B6. Income tax expense/(credit)

Income tax expense/ (credit) in the condensed consolidated statement of profit or loss represents:

	(Unaudited)		(Unaudited)	
	Three months ended		Nine months ended	
	31 December		31 December	
	2019	2018	2019	2018
	US\$'000	US\$'000	US\$'000	US\$'000
Current period income tax expense	1,448	1,148	2,784	5,324
Under/(over) provision in prior years	64	(6)	65	(3)
Deferred income tax (credit)/expense	(65)	10	(545)	(515)
	1,447	1,152	2,304	4,806

The effective tax rate of the Group for the current quarter was higher than the Malaysian statutory tax rate of 24% mainly due to the non-deductibility of certain expenses for income tax purposes.

The effective tax rate of the Group for the period under review was lower than the Malaysia statutory tax rate of 24% mainly due to the receipt of a tax refund by an overseas subsidiary from an overseas tax authority upon the successful application for a tax incentive scheme.

B. ADDITIONAL INFORMATION REQUIRED BY BURSA SECURITIES' MAIN MARKET LISTING REQUIREMENTS (Continued)

B7. Status of corporate proposal

There were no corporate proposals announced but not completed at the latest practicable date, which is not earlier than seven days from the date of issue of this financial information.

B8. Group borrowings

The Group's borrowings as at 31 December 2019 are as follows:

	Secured US\$'000	(Unaudited) Unsecured US\$'000	Total US\$'000
Current			
Bank borrowings	<u>17,774</u>	<u>363</u>	<u>18,137</u>

The Group's borrowings were denominated in the following currencies:

	(Unaudited) US\$'000
Malaysian Ringgit	98
Hong Kong dollars	17,601
United States dollars	438
	<u>18,137</u>

The net gearing ratio of the Group, calculated as net debt over owners' equity, was nil as at 31 December 2019 and 31 March 2019.

B9. Material litigation

As at 31 December 2019, there were several libel suits which involved claims against some companies in the Group. The Group has been strongly contesting those claims. Even though the final outcome of the proceedings is still uncertain as of the date this financial information is authorised for issue, the directors of the Company are of the opinion that the respective ultimate liability, if any, will not have a material adverse impact on the Group's financial position.

B10. Dividend payable

The Board of Directors does not recommend any distribution of dividend for the quarter under review.

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B. ADDITIONAL INFORMATION REQUIRED BY BURSA SECURITIES'
MAIN MARKET LISTING REQUIREMENTS (Continued)

B11. Earnings per share attributable to owners of the Company

	(Unaudited) Three months ended 31 December		(Unaudited) Nine months ended 31 December	
	2019	2018	2019	2018
Profit attributable to owners of the Company (US\$'000)	<u>3,400</u>	<u>1,705</u>	<u>8,849</u>	<u>7,743</u>
Weighted average number of ordinary shares in issue	<u>1,687,236,241</u>	<u>1,687,236,241</u>	<u>1,687,236,241</u>	<u>1,687,236,241</u>
Basic earnings per share (US cents)	<u>0.20</u>	<u>0.10</u>	<u>0.52</u>	<u>0.46</u>
Diluted earnings per share (US cents)	<u>0.20</u>	<u>0.10</u>	<u>0.52</u>	<u>0.46</u>

The diluted earnings per share is the same as the basic earnings per share as there were no dilutive potential shares in issue during the quarter and period ended 31 December 2019 and 2018.

On behalf of the Board
Media Chinese International Limited

Tin Suk Han
Tong Siew Kheng
Joint Company Secretaries
27 February 2020