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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 OF INTERIM FINANCIAL RESULTS FOR THE SIX MONTHS ENDED 30 SEPTEMBER 2019

The directors of Media Chinese International Limited (the "Company") hereby announce that the unaudited consolidated interim results of the Company and its subsidiaries (collectively the "Group") for the six months ended 30 September 2019, together with comparative figures for the corresponding period in 2018 are as follows:

CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS

		(Unaudited) Six months ended 30 September	
		2019	2018
	Note	***US$'000***	*US$'000*
Turnover	5	**144,530**	167,701
Cost of goods sold		**(103,289)**	(116,613)
Gross profit		**41,241**	51,088
Other income	6	**4,556**	4,080
Other losses, net	7	**(117)**	(346)
Selling and distribution expenses		**(22,762)**	(26,467)
Administrative expenses		**(13,988)**	(15,360)
Other operating expenses		**(2,586)**	(2,295)
Operating profit		**6,344**	10,700
Finance costs	9	**(343)**	(1,464)
Profit before income tax		**6,001**	9,236
Income tax expense	10	**(857)**	(3,654)
Profit for the period		**5,144**	5,582
Profit/(loss) attributable to:			
Owners of the Company		**5,449**	6,038
Non-controlling interests		**(305)**	(456)
		5,144	5,582
Earnings per share attributable to owners of the Company			
Basic (US cents)	11	**0.32**	0.36
Diluted (US cents)	11	**0.32**	0.36

CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

	(Unaudited) Six months ended 30 September	
	2019	2018
	US$'000	*US$'000*
Profit for the period	**5,144**	5,582
Other comprehensive (loss)/income		
Items that may be reclassified subsequently to profit or loss:		
Currency translation differences	**(3,474)**	(10,396)
Currency translation differences released upon disposal of subsidiaries	**–**	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	**(594)**	(5,759)
Other comprehensive loss for the period, net of tax	**(4,068)**	(15,940)
Total comprehensive income/(loss) for the period	**1,076**	(10,358)
Total comprehensive income/(loss) for the period attributable to:		
Owners of the Company	**1,543**	(8,370)
Non-controlling interests	**(467)**	(1,988)
	1,076	(10,358)

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

	Note	**(Unaudited) As at 30 September 2019** ***US$'000***	(Audited) As at 31 March 2019 *US$'000*
ASSETS			
Non-current assets			
Property, plant and equipment		**74,852**	79,209
Right-of-use assets	*3*	**1,218**	–
Investment properties		**20,487**	20,913
Intangible assets		**8,518**	9,141
Deferred income tax assets		**223**	224
Financial assets at fair value through other comprehensive income		**2,453**	3,044
		107,751	112,531
Current assets			
Inventories		**20,893**	24,869
Trade and other receivables	*13*	**34,438**	35,945
Financial assets at fair value through profit or loss		**437**	444
Income tax recoverable		**434**	637
Short-term bank deposits		**10,653**	5,951
Cash and cash equivalents		**74,469**	69,204
		141,324	137,050
Current liabilities			
Trade and other payables	*14*	**38,451**	32,796
Contract liabilities		**13,874**	18,858
Income tax liabilities		**1,584**	853
Bank and other borrowings	*15*	**17,885**	19,912
Lease liabilities		**528**	–
Current portion of other non-current liabilities		**44**	45
		72,366	72,464
Net current assets		**68,958**	64,586
Total assets less current liabilities		**176,709**	177,117

	Note	(Unaudited) As at 30 September 2019 US$'000	(Audited) As at 31 March 2019 US$'000
EQUITY			
Equity attributable to owners of the Company			
Share capital		**21,715**	21,715
Share premium		**54,664**	54,664
Other reserves		**(117,079)**	(113,173)
Retained earnings		**208,315**	204,553
		167,615	167,759
Non-controlling interests		**1,594**	2,062
Total equity		**169,209**	169,821
Non-current liabilities			
Lease liabilities		**703**	–
Deferred income tax liabilities		**5,403**	5,967
Other non-current liabilities		**1,394**	1,329
		7,500	7,296
		176,709	177,117

NOTES TO THE INTERIM FINANCIAL INFORMATION

For the six months ended 30 September 2019

1 BASIS OF PREPARATION

The unaudited condensed consolidated interim financial information of the Company and its subsidiaries (collectively the "Group") for the six months ended 30 September 2019 (this "interim financial information") has been prepared in accordance with the International Accounting Standard ("IAS") 34 "Interim Financial Reporting" issued by the International Accounting Standards Board ("IASB") and applicable disclosure requirements of Appendix 16 of the Rules Governing the Listing of Securities (the "HK Listing Rules") on The Stock Exchange of Hong Kong Limited ("HK Stock Exchange").

This interim 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 interim financial information has not been audited.

2 ACCOUNTING POLICIES

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

Taxes on income for the six months ended 30 September 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 3 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	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.

3 CHANGES IN ACCOUNTING POLICIES

(a) 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.

(i) 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)
Lease liabilities to be recognised	1,309
Net-off with prepayment	(2)
Lease liabilities recognised as at 1 April 2019	1,307
Of which are:	
— Current lease liabilities	650
— Non-current lease liabilities	657
	1,307

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

	30 September 2019	1 April 2019
	US$'000	*US$'000*
Right-of-use assets — properties	**1,218**	1,309

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".

(ii) 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.

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.

4 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 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 six months ended 30 September 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.

5 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 six months ended 30 September 2019, analysed by operating segment, are as follows:

	(Unaudited) 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	**54,679**	**25,105**	**5,508**	**85,292**	**59,238**	**144,530**
Segment profit/(loss) before income tax	**4,520**	**(1,599)**	**(836)**	**2,085**	**4,307**	**6,392**
Other net unallocated expenses						**(391)**
Profit before income tax						**6,001**
Income tax expense						**(857)**
Profit for the period						**5,144**
Other segmental information:						
Interest income	**681**	**15**	**20**	**716**	**35**	**751**
Finance costs	**(12)**	**(312)**	**–**	**(324)**	**(19)**	**(343)**
Depreciation of property, plant and equipment	**(2,591)**	**(580)**	**(93)**	**(3,264)**	**(17)**	**(3,281)**
Depreciation of right-of-use assets	**–**	**–**	**–**	**–**	**(358)**	**(358)**
Amortisation of intangible assets	**(344)**	**(58)**	**(4)**	**(406)**	**(15)**	**(421)**

The Group's turnover and results for the six months ended 30 September 2018, analysed by operating segment, are as follows:

	(Unaudited) 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	68,401	25,652	6,832	100,885	66,816	167,701
Segment profit/(loss) before income tax	9,604	(2,142)	(1,724)	5,738	5,325	11,063
Unallocated finance costs						(1,346)
Other net unallocated expenses						(481)
Profit before income tax						9,236
Income tax expense						(3,654)
Profit for the period						5,582
Other segmental information:						
Interest income	1,597	7	2	1,606	27	1,633
Finance costs	(52)	(66)	–	(118)	–	(118)
Depreciation of property, plant and equipment	(2,960)	(608)	(135)	(3,703)	(18)	(3,721)
Amortisation of intangible assets	(354)	(94)	(4)	(452)	(16)	(468)

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) Six months ended 30 September	
	2019	2018
	US$'000	*US$'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	**29,733**	34,877
Travel and travel related services income	**640**	610
Over time		
Advertising income, net of trade discounts	**55,559**	66,008
Travel and travel related services income	**58,598**	66,206
	144,530	167,701

The segment assets and liabilities as at 30 September 2019 are as follows:

	(Unaudited)						
	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$'000*	**Elimination** *US$'000*	**Total** *US$'000*
Segment assets	**164,069**	**40,721**	**13,478**	**218,268**	**29,916**	**(941)**	**247,243**
Unallocated assets							**1,832**
Total assets							**249,075**
Total assets include:							
Additions to non-current assets (other than deferred income tax assets)	**309**	**178**	**24**	**511**	**4**	**–**	**515**
Segment liabilities	**(17,320)**	**(29,962)**	**(8,865)**	**(56,147)**	**(16,255)**	**941**	**(71,461)**
Unallocated liabilities							**(8,405)**
Total liabilities							**(79,866)**

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

	(Audited)						
	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$'000*	Elimination *US$'000*	Total *US$'000*
Segment assets	168,760	42,672	10,562	221,994	26,435	(270)	248,159
Unallocated assets							1,422
Total assets							249,581
Total assets include:							
Additions to non-current assets (other than deferred income tax assets)	5,892	376	44	6,312	18	–	6,330
Segment liabilities	(19,186)	(30,300)	(6,384)	(55,870)	(15,985)	270	(71,585)
Unallocated liabilities							(8,175)
Total liabilities							(79,760)

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.

The Group operates its publishing and printing businesses mainly in Malaysia, other Southeast Asian countries, Hong Kong and Taiwan ("Main operating countries").

As at 30 September 2019 and 31 March 2019, the Group's total non-current assets, other than deferred income tax assets, analysed by operating countries, are as follows:

	(Unaudited) As at 30 September 2019 *US$'000*	(Audited) As at 31 March 2019 *US$'000*
Main operating countries		
Malaysia and other Southeast Asian countries	**83,159**	88,942
Hong Kong and Taiwan	**16,699**	16,533
Other countries	**7,670**	6,832
	107,528	112,307

6 OTHER INCOME

	(Unaudited) Six months ended 30 September	
	2019 *US$'000*	2018 *US$'000*
Dividend income	**13**	13
Government grant *(note)*	**1,290**	–
Interest income	**751**	1,633
Licence fee and royalty income	**104**	60
Other media-related income	**820**	782
Rental and management fee income	**423**	417
Scrap sales of old newspapers and magazines	**1,132**	1,161
Others	**23**	14
	4,556	4,080

Note: A grant was received from an overseas government for supporting the Group's operation of eligible publications. This was recognised as other income in the Group's condensed consolidated statement of profit or loss over the period in which the Group recognised as expenses the related costs for which the grant was intended to compensate.

7 OTHER LOSSES, NET

	(Unaudited) Six months ended 30 September	
	2019	2018
	US$'000	*US$'000*
Fair value (losses)/gains on financial assets at fair value through profit or loss, net	**(9)**	5
Fair value losses on other non-current financial assets	**–**	(121)
Net exchange losses	**(108)**	(21)
Loss on disposals of interests in subsidiaries	**–**	(209)
	(117)	(346)

8 EXPENSES BY NATURE

	(Unaudited) Six months ended 30 September	
	2019	2018
	US$'000	*US$'000*
Amortisation of intangible assets	**421**	468
Depreciation of property, plant and equipment	**3,281**	3,721
Depreciation of right-of-use assets	**358**	–
Direct costs of travel and travel related services	**50,376**	57,179
Employee benefit expense (including directors' emoluments)	**42,336**	45,140
Losses/(gains) on disposal of property, plant and equipment, net	**8**	(28)
Provision for loss allowance and write-off of trade and other receivables	**439**	233
Provision for impairment and write-off of inventories	**79**	100
Write-off of intangible assets	**40**	–
Raw materials and consumables used	**18,188**	22,838

9 FINANCE COSTS

	(Unaudited) Six months ended 30 September	
	2019	2018
	US$'000	*US$'000*
Interest expense on medium-term notes	**–**	1,346
Interest expense on short-term bank borrowings	**324**	118
Interest expense on lease liabilities	**19**	–
	343	1,464

10 INCOME TAX EXPENSE

Income tax for the Group's Hong Kong operations has been provided at the rate of 16.5% for the six months ended 30 September 2019 (the tax rate for the six months ended 30 September 2018 was 16.5%) on the estimated assessable profit derived from Hong Kong for the period. Income tax for the Group's Malaysian operations is calculated at the rate of 24% for the six months ended 30 September 2019 (the tax rate for the six months ended 30 September 2018 was 24%) on the estimated assessable profit derived from Malaysia for the period. Taxation on other countries' profits has been calculated on the estimated assessable profits for the period at the rates of taxation prevailing in the countries in which the Group operates.

Income tax expense in the condensed consolidated statement of profit or loss represents:

	(Unaudited)	
	Six months ended 30 September	
	2019	2018
	US$'000	*US$'000*
Hong Kong taxation		
Current period	**503**	708
Malaysian taxation		
Current period	**1,960**	2,840
Other countries' taxation		
Current period *(note)*	**(1,127)**	628
Under provision in prior years	**1**	3
Deferred income tax credit	**(480)**	(525)
	857	3,654

Note: During the six months ended 30 September 2019, an overseas subsidiary has received a tax refund from an overseas tax authority upon the successful application for a tax incentive scheme.

11 EARNINGS PER SHARE ATTRIBUTABLE TO OWNERS OF THE COMPANY

	(Unaudited)	
	Six months ended 30 September	
	2019	2018
	US$'000	*US$'000*
Profit attributable to owners of the Company *(US$'000)*	**5,449**	6,038
Weighted average number of ordinary shares in issue	**1,687,236,241**	1,687,236,241
Basic earnings per share *(US cents)*	**0.32**	0.36
Diluted earnings per share *(US cents)*	**0.32**	0.36

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 six months ended 30 September 2019 and 2018.

12 DIVIDENDS

	(Unaudited) Six months ended 30 September	
	2019	2018
	US$'000	*US$'000*
Dividends attributable to the period:		
First interim, proposed, US0.16 cents (2018/2019: US0.18 cents) per ordinary share	**2,700**	3,037
Dividends paid during the period:		
Second interim, 2018/2019, US0.10 cents (2017/2018: US0.18 cents) per ordinary share *(note a)*	**1,687**	3,037

The Board of Directors has declared a first interim dividend of US0.16 cents (2018/2019: US0.18 cents) per ordinary share in respect of the year ending 31 March 2020. The dividend will be payable on Monday, 30 December 2019 to shareholders whose names appear on the register of members of the Company at the close of business on Tuesday, 10 December 2019 in cash in RM or in Hong Kong Dollar ("HK$") at the average exchange rates used during the period ended 30 September 2019 for the translation of the results of the subsidiaries whose functional currencies are not US$. No tax is payable on the dividend declared by the Company to be received by shareholders in Malaysia as it is income from foreign source in accordance with paragraph 28 of Schedule 6 of Malaysian Income Tax Act 1967. This interim dividend has not been recognised as a dividend payable in this unaudited interim financial information. It will be recognised in shareholders' equity in the year ending 31 March 2020.

The average exchange rates used during the period ended 30 September 2019 of US$ to RM and US$ to HK$, and the amount of the first interim dividend payable are as follows:

	Exchange rates	**Dividend per ordinary share**
US$ to RM	4.1535	0.665 sen
US$ to HK$	7.8251	HK1.252 cents

Note:

(a) The tax-exempt 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.

13 TRADE AND OTHER RECEIVABLES

	(Unaudited) As at 30 September 2019 ***US$'000***	(Audited) As at 31 March 2019 *US$'000*
Trade receivables *(note)*	**29,112**	29,189
Less: provision for loss allowance of trade receivables	**(2,517)**	(2,068)
Trade receivables, net	**26,595**	27,121
Deposits and prepayments	**5,741**	7,036
Other receivables	**2,102**	1,788
	34,438	35,945

As at 30 September 2019 and 31 March 2019, the fair values of trade and other receivables approximated the carrying amounts.

Note: The Group allows in general a credit period ranging from 7 to 120 days to its trade customers.

As at 30 September 2019 and 31 March 2019, the ageing analysis of the trade receivables (including amounts due from related parties of trading in nature) based on invoice date is as follows:

	(Unaudited) As at 30 September 2019 ***US$'000***	(Audited) As at 31 March 2019 *US$'000*
1 to 60 days	**19,501**	18,565
61 to 120 days	**5,301**	5,955
121 to 180 days	**1,283**	1,217
Over 180 days	**3,027**	3,452
	29,112	29,189

14 TRADE AND OTHER PAYABLES

	(Unaudited) As at 30 September 2019 ***US$'000***	(Audited) As at 31 March 2019 *US$'000*
Trade payables *(note)*	**14,140**	12,905
Accrued charges and other payables	**22,798**	19,891
Deferred government grant	**1,513**	–
	38,451	32,796

As at 30 September 2019 and 31 March 2019, the fair values of trade and other payables approximated the carrying amounts.

Note: As at 30 September 2019 and 31 March 2019, the ageing analysis of the trade payables (including amounts due to related parties of trading in nature) based on invoice date is as follows:

	(Unaudited) As at 30 September 2019 *US$'000*	(Audited) As at 31 March 2019 *US$'000*
1 to 60 days	**12,700**	10,993
61 to 120 days	**1,215**	1,718
121 to 180 days	**56**	63
Over 180 days	**169**	131
	14,140	12,905

15 BANK AND OTHER BORROWINGS

	(Unaudited) As at 30 September 2019 *US$'000*	(Audited) As at 31 March 2019 *US$'000*
Current		
Short-term bank borrowings (secured)	**17,686**	18,125
Short-term bank borrowings (unsecured)	**199**	1,787
	17,885	19,912

MANAGEMENT DISCUSSION AND ANALYSIS

FINANCIAL HIGHLIGHTS

	For the six months ended 30 September		
	2019	2018	
	US$'000	*US$'000*	*% Change*
Turnover	**144,530**	167,701	–13.8%
Profit before income tax	**6,001**	9,236	–35.0%
EBITDA	**9,653**	13,256	–27.2%
Basic earnings per share (US cents)	**0.32**	0.36	–11.1%

OVERALL REVIEW OF OPERATIONS

For the six months ended 30 September 2019, the Group's turnover decreased by 13.8% or US$23,171,000 to US$144,530,000 when compared to the corresponding period last year, driven by the decline in revenue from both the publishing and printing and travel segments. This led to a decrease in the Group's profit before income tax for this current period which fell 35.0% or US$3,235,000 to US$6,001,000 from US$9,236,000 in the previous year's period.

Turnover of the Group's publishing and printing segment dropped by 15.5% during the period under review to US$85,292,000 from US$100,885,000 in the prior year period. This resulted in the segment's profit before income tax falling by 63.7% to US$2,085,000 from last year's US$5,738,000.

The travel segment saw an 11.3% year-on-year decrease in its turnover from last year's US$66,816,000 to US$59,238,000. The segment's profit before income tax declined accordingly by 19.1% to US$4,307,000 from US$5,325,000 in the same period last year.

The Malaysian Ringgit ("RM") and the Canadian dollar ("C$") both weakened against the US dollar during the six months ended 30 September 2019, resulting in negative currency impacts on the Group's turnover and profit before income tax of approximately US$2,213,000 and US$159,000 respectively.

Basic earnings per share for the period ended 30 September 2019 was US0.32 cents, representing a decrease of US0.04 cents or 11.1% from US0.36 cents in the prior year period. As at 30 September 2019, the Group's cash and cash equivalents and short-term bank deposits totaled US$85,122,000 and the Group's net assets per share attributable to owners of the Company was US9.93 cents.

SEGMENTAL REVIEW

Publishing and printing

Malaysia and other Southeast Asian countries

The Group's publishing and printing operations in Malaysia reported a 20.1% decrease in its turnover to US$54,679,000 from US$68,401,000 in the corresponding period last year. In addition to the soft market conditions and weak consumer sentiment, the decline in the market's advertising spending was also due to the absence of significant adex-boosting events such as the FIFA World Cup and the 14th general election in 2018. This has an adverse impact on the segment's advertising revenue from both its print and digital businesses. With its revenue decline partly cushioned by cost savings, the segment reported a profit before income tax of US$4,520,000, a decrease of 52.9% or US$5,084,000 from US$ 9,604,000 in the same period previous year.

The Group has continued its efforts in providing one-stop solutions to advertisers, which include content creation and editing, videography, event management and talents for promotional materials. Furthermore, its efforts in organising ground events and awards such as the Sin Chew Business Excellence Award and the Sin Chew Health and Wellness Award continued to be well received by advertisers. The Group held various events in celebration of *Sin Chew Daily's* 90th Anniversary during the period which contributed additional revenue for the segment. Meanwhile, the Group's digital business in Malaysia continued to grow albeit at a slower pace.

To cushion the decline in revenue, the Group has continued its cost containment efforts including manpower optimisation and rationalisation to reduce staff costs, improvement in operational efficiencies to lower production costs as well as sharing of infrastructures and other resources within the Group.

Sin Chew Daily continues to be the leading Chinese daily publication in Malaysia with an average daily print circulation of 281,995 copies for the period of July to December 2018 as per Audit Bureau of Circulation Malaysia. Meanwhile, *Sin Chew Daily's* digital edition remains strong with a total average daily digital replica copies of 122,784 whilst the combined total average daily digital replica copies for *Sin Chew Daily* and *Guang Ming Daily* totaled 137,264 copies.

Hong Kong and Taiwan

Amid the global economic uncertainty and the continuing protest movements, Hong Kong's GDP contracted by 2.9% year-over-year in the 3rd quarter of 2019, its first decline since 2009. Meanwhile, the number of tourists visiting Hong Kong continued to drop largely because of the protests and plunged 34.2% in September year-on-year. With weak local consumption and loss of tourists, retail sales dropped 18.3% in September, after a record fall of 22.9% in August.

Despite the adverse business conditions, turnover for the Group's Hong Kong and Taiwan publishing and printing segment declined marginally by 2.1% to US$25,105,000 when compared with US$25,652,000 in the corresponding period last year. This was supported by revenue from the classified and recruitment advertisements as well as increased digital advertising revenue and revenue from the segment's education and textbooks publishing business. The increase in *Ming Pao Daily News'* cover price since March 2019 also helped stabilise the segment's revenue stream.

The segment's loss before income tax narrowed by 25.4% to US$1,599,000 for the period under review in spite of the decline in turnover, mainly attributed to savings resulting from the Group's cost containment efforts.

North America

Turnover of the Group's publishing and printing operations in North America fell by 19.4% to US$5,508,000 from US$6,832,000 in the same period last year. The weak consumer spending and business investment environment as well as the soft property market conditions in Canada have negatively impacted the top line of this segment.

Nevertheless, the segment reduced its loss before income tax to US$836,000 for the period under review from US$1,724,000 in the corresponding period in 2018/2019. This improvement was achieved through continued cost savings and with the help of a grant from the local government.

Travel and travel related services

Turnover of the Group's travel segment for the six months ended 30 September 2019 stood at US$59,238,000, representing a decline of 11.3% when compared with the same period last year. This resulted in the travel segment's profit before income tax falling 19.1% to US$4,307,000 from last year's US$5,325,000. The decline in turnover was partly due to more tours last year for the FIFA World Cup. The travel segment's performance was also negatively impacted by the intense competition in the travel industry as well as uncertainties in the global and Hong Kong economy, in particular the latter which has been hard hit by months of continuous protests in the city.

Digital business

In response to the market's continuing shift of advertising spending toward digital media channels, the Group has invested more resources in developing and redefining models in order to roll out solutions and products which will appeal to its advertisers and readers. It has also stepped up its efforts in delivering one stop solutions which combine creative storyboards for its digital productions with its printed products and ground events to enhance the reach of advertisers to targeted end users. Besides, the Group has invested in new digital platforms in Malaysia to achieve better convergence of all its platforms.

In Hong Kong, the Group has been promoting advertising solutions involving the creation of creative videos with original storyboards. *Ming Pao Daily News*, which has been well-known for its independent stance, continues to garner support from its readers. Its main website, mingpao.com, continues to be popular among its readers and has experienced a strong growth momentum with more than 30% increase in its number of unique visitors during the period from March to September 2019. Besides its main website, the Facebook page of *Ming Pao Daily News* has also gained traction with over 400,000 likes and reaching 860,000 likes for its Facebook group pages featuring diversified themes including news, entertainment, finance, parental and education, sports, recruitment, medical and health, lifestyle magazines and books.

OUTLOOK

The Group expects the second half of the financial year 2019/2020 to be difficult and challenging. The absence of advertising spending catalysts in this second half of the financial year would mute the advertisement spend for the media sector in general. The unresolved trade tensions between the USA and China and the slower than expected global growth would further dampen the prolonged weak advertising spend in the media sector. Furthermore, business conditions in Hong Kong have worsened in the last six months due to the ongoing protests which have adversely affected businesses across the board, in particular the retail and travel sectors.

With its revenue on a downward trend for most markets, the Group will continuously look for cost optimisation measures to rein in its operating costs. The Group will also continue to develop and enhance its digital content and platform capabilities. In addition, it will enhance its efforts on revenue generating activities such as organising events, awards and building its talent management capabilities. For the travel segment, the Group will focus on designing tour packages which promote unique travel experiences and to untapped destinations of interest.

PLEDGE OF ASSETS

As at 30 September 2019, certain of the Group's banking facilities were secured by the following:

(a) first legal charges on certain of the Group's leasehold land and buildings with an aggregate carrying value of US$2,979,000 at 30 September 2019 (31 March 2019: US$3,045,000) and assignment of rental income derived therefrom; and

(b) corporate guarantees issued by the Company.

CONTINGENT LIABILITIES

As at 30 September 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 interim 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.

CAPITAL COMMITMENTS

As at 30 September 2019, the Group's authorised capital expenditure for property, plant and equipment contracted but not provided for in this interim financial information amounted to US$1,116,000 whereas authorised capital expenditure for property, plant and equipment not contracted and not provided for in this interim financial information amounted to US$806,000.

LIQUIDITY, FINANCIAL RESOURCES AND NET GEARING RATIO

As at 30 September 2019, the Group's cash and cash equivalents and short-term bank deposits amounted to US$85,122,000 (31 March 2019: US$75,155,000) and total bank and other borrowings were US$17,885,000 (31 March 2019: US$19,912,000). The net cash position was US$67,237,000 (31 March 2019: US$55,243,000). Owners' equity was US$167,615,000 (31 March 2019: US$167,759,000).

The net gearing ratio of the Group, calculated as net debt over owners' equity, was nil as at 30 September 2019 and 31 March 2019.

EMPLOYEES AND EMOLUMENT POLICY

As at 30 September 2019, the Group had 3,417 employees (31 March 2019: 3,556 employees), the majority of whom were employed in Malaysia and Hong Kong. The Group remunerates its employees based on industry practice and performance of individual employees. The emoluments of the directors and senior management are reviewed by the Remuneration Committee regularly, having regard to the Group's operating results, individual performance and comparable market statistics. No director or any of his/her associates is involved in dealing with his/her own remuneration.

PURCHASE, SALE OR REDEMPTION OF THE COMPANY'S SHARES

During the six months ended 30 September 2019, neither the Company nor any of its subsidiaries had purchased, sold or the Company had redeemed any of the Company's listed securities.

CLOSURE OF THE REGISTER OF MEMBERS

The register of members in Hong Kong will be closed on Tuesday, 10 December 2019 whereby no transfer of shares will be registered on that date. In order to qualify for the first interim dividend of US0.16 cents per ordinary share, all completed transfer forms accompanied by the relevant share certificates must be lodged with the Company's Hong Kong share registrar and transfer office, Tricor Tengis Limited, at Level 54, Hopewell Centre, 183 Queen's Road East, Hong Kong for registration no later than 4:30 p.m. on Monday, 9 December 2019. In respect of the shareholders in Malaysia, a depositor in Malaysia shall qualify for the entitlement to the dividend only in respect of: (i) shares transferred into the depositor's securities account before 4:00 p.m. on Tuesday, 10 December 2019 in respect of transfers; and (ii) shares bought on Bursa Securities on a cum entitlement basis according to the rules of Bursa Securities. The first interim dividend will be payable to the shareholders on Monday, 30 December 2019.

Shareholders who wish to request for transmission of their shares between the Malaysia Register and Hong Kong Register are advised to take note that request for transmission will be suspended from Wednesday, 4 December 2019 to Tuesday, 10 December 2019, both days inclusive.

CORPORATE GOVERNANCE

The Board of Directors (the "Board") is committed to practising the highest standards of corporate governance and operating within a governance framework that is formulated based on the Malaysian Code on Corporate Governance 2017 (the "Malaysian Code") and the Corporate Governance Code (the "Hong Kong Code") contained in Appendix 14 of the HK Listing Rules. The Company has adopted the principles and recommendations of the Malaysian Code and all the code provisions in the Hong Kong Code as its own code on corporate governance practices.

During the period under review, the Company has met the code provisions as set out in the Hong Kong Code.

In respect of the Malaysian Code, the Company has complied with the principles and recommendations set out in the Malaysian Code wherever possible save for (i) at least half of the Board should comprise independent directors; (ii) the Board must have at least 30% women directors; (iii) the disclosure on a named basis of top five senior management's remuneration component including salary, bonus, benefits in-kind and other emoluments in bands of RM50,000 and (iv) the Company is encouraged to adopt integrated reporting based on a globally recognised framework. The Board will continue to review and evaluate such recommendations under the Malaysian Code and is committed to achieving and sustaining high standards of corporate governance.

DIRECTORS' SECURITIES TRANSACTIONS

The Company has adopted the requirements and code as set out in (i) Chapter 14 (Dealings in Listed Securities) of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad ("Chapter 14 of the Listing Requirements of Bursa Securities") and (ii) the HK Model Code contained in Appendix 10 of the HK Listing Rules. All directors of the Company have confirmed, following specific enquiry by the Company, their compliance with the required standards as set out in (i) Chapter 14 of the Listing Requirements of Bursa Securities and (ii) the HK Model Code during the period under review.

REVIEW OF FINANCIAL STATEMENTS

The Audit Committee has reviewed with management this interim financial information, including accounting principles and practices adopted by the Group and discussed risk management and internal control systems and financial reporting matters.

By Order of the Board
MEDIA CHINESE INTERNATIONAL LIMITED
TIONG Kiew Chiong
Director

25 November 2019

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.