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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. 200702000044)

(Hong Kong Stock Code: 685)

(Malaysia Stock Code: 5090)

ANNOUNCEMENT OF INTERIM FINANCIAL RESULTS FOR THE SIX MONTHS ENDED 30 SEPTEMBER 2020

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 2020, together with comparative figures for the corresponding period in 2019 are as follows:

CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS

	Note	(Unaudited)	
		Six months ended 30 September	
		2020	2019
		US\$'000	US\$'000
Turnover	4	54,591	144,530
Cost of goods sold		(39,712)	(103,289)
Gross profit		14,879	41,241
Other income	5	9,894	4,556
Other gains/(losses), net	6	41	(117)
Selling and distribution expenses		(15,102)	(22,762)
Administrative expenses		(12,319)	(13,988)
Other operating expenses		(2,459)	(2,586)
Operating (loss)/profit	7	(5,066)	6,344
Finance costs	8	(289)	(343)
(Loss)/profit before income tax		(5,355)	6,001
Income tax credit/(expense)	9	117	(857)
(Loss)/profit for the period		(5,238)	5,144
(Loss)/profit attributable to:			
Owners of the Company		(4,899)	5,449
Non-controlling interests		(339)	(305)
		(5,238)	5,144
(Loss)/earnings per share attributable to owners of the Company			
Basic (US cents)	10	(0.29)	0.32
Diluted (US cents)	10	(0.29)	0.32

CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

	(Unaudited)	
	Six months ended 30 September	
	2020	2019
	<i>US\$'000</i>	<i>US\$'000</i>
(Loss)/profit for the period	(5,238)	5,144
Other comprehensive income/(loss)		
Item that may be reclassified subsequently to profit or loss:		
Currency translation differences	5,251	(3,474)
Item that will not be reclassified subsequently to profit or loss:		
Fair value change on financial assets at fair value through other comprehensive income	1,172	(594)
	<u>6,423</u>	<u>(4,068)</u>
Other comprehensive income/(loss) for the period, net of tax		
	<u>6,423</u>	<u>(4,068)</u>
Total comprehensive income for the period	<u>1,185</u>	<u>1,076</u>
Total comprehensive income/(loss) for the period attributable to:		
Owners of the Company	1,201	1,543
Non-controlling interests	(16)	(467)
	<u>1,185</u>	<u>1,076</u>

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

		(Unaudited) As at 30 September 2020 US\$'000	(Audited) As at 31 March 2020 US\$'000
ASSETS			
Non-current assets			
Property, plant and equipment		69,472	70,669
Investment properties		22,546	21,864
Intangible assets		9,051	9,146
Deferred income tax assets		124	120
Investments accounted for using the equity method		32	–
Financial assets at fair value through other comprehensive income		852	1,267
		102,077	103,066
Current assets			
Inventories		21,811	20,039
Trade and other receivables	12	23,373	25,252
Financial assets at fair value through profit or loss		1,173	425
Income tax recoverable		573	447
Short-term bank deposits		17,565	13,430
Cash and cash equivalents		58,763	60,452
		123,258	120,045
Current liabilities			
Trade and other payables	13	26,228	22,328
Contract liabilities		7,099	8,889
Income tax liabilities		115	564
Bank and other borrowings	14	21,217	19,362
Lease liabilities		850	839
Current portion of other non-current liabilities		62	60
		55,571	52,042
Net current assets		67,687	68,003
Total assets less current liabilities		169,764	171,069

	(Unaudited) As at 30 September 2020 <i>Note</i> <i>US\$'000</i>	(Audited) As at 31 March 2020 <i>US\$'000</i>
EQUITY		
Equity attributable to owners of the Company		
Share capital	21,715	21,715
Share premium	54,664	54,664
Other reserves	(115,634)	(121,506)
Retained earnings	200,922	207,280
	<hr/>	<hr/>
	161,667	162,153
Non-controlling interests	628	645
	<hr/>	<hr/>
Total equity	162,295	162,798
	<hr/>	<hr/>
Non-current liabilities		
Lease liabilities	930	1,354
Deferred income tax liabilities	5,112	5,533
Other non-current liabilities	1,427	1,384
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	7,469	8,271
	<hr/>	<hr/>
	169,764	171,069
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NOTES TO THE INTERIM FINANCIAL INFORMATION

For the six months ended 30 September 2020

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 2020 (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 2020 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 2020 are accrued using the tax rate that would be applicable to expected total annual earnings.

(i) New and amended standards and interpretations adopted by the Group

The Group has applied the following standards and amendments for the first time for its annual reporting period commencing 1 April 2020:

- Amendments to IAS 1 and IAS 8, “Definition of material”
- Amendments to IFRS 3, “Definition of a business”
- Amendments to IAS 39, IFRS 7 and IFRS 9, “Interest rate benchmark reform”
- Conceptual Framework for Financial Reporting 2018, “Revised conceptual framework for financial reporting”

The amendments listed above did not have any impact on the amounts recognised in prior periods and are not expected to significantly affect the current or future periods.

(ii) New and amended standards and interpretations not yet adopted by the Group

Certain new and amended accounting standards and interpretations have been published that are not mandatory for 30 September 2020 reporting periods and have not been early adopted by the Group.

		Effective for annual periods beginning on or after
Amendments to IAS 1	Classification of liabilities as current or non-current	1 January 2023
Amendments to IAS 16	Property, plant and equipment: proceeds before intended use	1 January 2022
Amendments to IAS 37	Onerous contracts — cost of fulfilling a contract	1 January 2022
Amendments to IFRS 3	Reference to the conceptual framework	1 January 2022
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
Amendments to IFRS 16	COVID-19-related rent concessions	1 June 2020
IFRS 17	Insurance contracts	1 January 2023
Amendments to IFRS 17	Insurance contracts	1 January 2023
Annual improvements	Annual improvements to IFRSs 2018–2020 cycle	1 January 2022

None of these new standards and interpretations are expected to have a material impact on the Group's consolidated financial statements.

3 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 2020, 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.

4 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 (loss)/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 2020, analysed by operating segment, are as follows:

	(Unaudited)					
	Publishing and printing					
	Malaysia and other Southeast Asian countries <i>US\$'000</i>	Hong Kong and Taiwan <i>US\$'000</i>	North America <i>US\$'000</i>	Sub-total <i>US\$'000</i>	Travel and travel related services <i>US\$'000</i>	Total <i>US\$'000</i>
Turnover	<u>33,079</u>	<u>18,464</u>	<u>2,980</u>	<u>54,523</u>	<u>68</u>	<u>54,591</u>
Segment (loss)/profit before income tax	<u>(3,619)</u>	<u>(985)</u>	<u>356</u>	<u>(4,248)</u>	<u>(803)</u>	<u>(5,051)</u>
Other net unallocated expenses						<u>(304)</u>
Loss before income tax						<u>(5,355)</u>
Income tax credit						<u>117</u>
Loss for the period						<u><u>(5,238)</u></u>
Other segmental information:						
Interest income	535	–	3	538	12	550
Finance costs	(25)	(234)	–	(259)	(30)	(289)
Depreciation of property, plant and equipment	(2,403)	(596)	(80)	(3,079)	(405)	(3,484)
Amortisation of intangible assets	(395)	(50)	(4)	(449)	(2)	(451)

The Group's turnover and results for the six months ended 30 September 2019, analysed by operating segment, are as follows:

	(Unaudited)					Total US\$'000
	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	
Turnover	<u>54,679</u>	<u>25,105</u>	<u>5,508</u>	<u>85,292</u>	<u>59,238</u>	<u>144,530</u>
Segment profit/(loss) before income tax	<u>4,520</u>	<u>(1,599)</u>	<u>(836)</u>	<u>2,085</u>	<u>4,307</u>	6,392
Other net unallocated expenses						<u>(391)</u>
Profit before income tax						6,001
Income tax expense						<u>(857)</u>
Profit for the period						<u><u>5,144</u></u>
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)	(375)	(3,639)
Amortisation of intangible assets	(344)	(58)	(4)	(406)	(15)	(421)

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	
	2020	2019
	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	24,756	29,733
Travel and travel related services income	16	640
Over time		
Advertising income, net of trade discounts	29,767	55,559
Travel and travel related services income	52	58,598
	<u>54,591</u>	<u>144,530</u>

The segment assets and liabilities as at 30 September 2020 are as follows:

	(Unaudited)						
	Publishing and printing						
	Malaysia and other Southeast Asian countries <i>US\$'000</i>	Hong Kong and Taiwan <i>US\$'000</i>	North America <i>US\$'000</i>	Sub-total <i>US\$'000</i>	Travel and travel related services <i>US\$'000</i>	Elimination <i>US\$'000</i>	Total <i>US\$'000</i>
Segment assets	158,480	40,180	12,212	210,872	14,285	(626)	224,531
Unallocated assets							804
Total assets							225,335
Total assets include:							
Investments accounted for using the equity method	-	32	-	32	-	-	32
Additions to non-current assets (other than deferred income tax assets)	174	94	13	281	6	-	287
Segment liabilities	(13,850)	(31,569)	(8,043)	(53,462)	(3,690)	626	(56,526)
Unallocated liabilities							(6,514)
Total liabilities							(63,040)

The segment assets and liabilities as at 31 March 2020 are as follows:

	(Audited)						
	Publishing and printing						
	Malaysia and other Southeast Asian countries <i>US\$'000</i>	Hong Kong and Taiwan <i>US\$'000</i>	North America <i>US\$'000</i>	Sub-total <i>US\$'000</i>	Travel and travel related services <i>US\$'000</i>	Elimination <i>US\$'000</i>	Total <i>US\$'000</i>
Segment assets	158,529	35,575	10,688	204,792	17,854	(642)	222,004
Unallocated assets							1,107
Total assets							223,111
Total assets include:							
Additions to non-current assets (other than deferred income tax assets)	1,213	484	41	1,738	1,466	-	3,204
Segment liabilities	(12,458)	(28,872)	(6,063)	(47,393)	(6,126)	642	(52,877)
Unallocated liabilities							(7,436)
Total liabilities							(60,313)

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

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

Segment liabilities consist primarily of trade and other payables, contract 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 2020 and 31 March 2020, 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 2020 US\$’000	(Audited) As at 31 March 2020 US\$’000
Main operating countries		
Malaysia and other Southeast Asian countries	80,830	80,493
Hong Kong and Taiwan	14,646	16,015
Other countries	6,477	6,438
	<u>101,953</u>	<u>102,946</u>

5 OTHER INCOME

	(Unaudited) Six months ended 30 September 2020 US\$’000	2019 US\$’000
Dividend income	25	13
Government grants (<i>note</i>)	7,520	1,290
Interest income	550	751
Licence fee and royalty income	94	104
Other media-related income	250	820
Rental and management fee income	393	423
Scrap sales of old newspapers and magazines	482	1,132
Others	580	23
	<u>9,894</u>	<u>4,556</u>

Note: Government grants consisted of a grant amounted to US\$1,722,000 (2019: US\$1,290,000) from an overseas government for supporting the Group’s operation of eligible publications and wage subsidies amounted to US\$5,798,000 (2019: nil) from the Hong Kong, Malaysia and overseas governments.

6 OTHER GAINS/(LOSSES), NET

	(Unaudited)	
	Six months ended 30 September	
	2020	2019
	US\$'000	US\$'000
Fair value losses on financial assets at fair value through profit or loss, net	(136)	(9)
Net exchange gains/(losses)	177	(108)
	41	(117)

7 OPERATING (LOSS)/PROFIT

The operating (loss)/profit is stated after charging the following:

	(Unaudited)	
	Six months ended 30 September	
	2020	2019
	US\$'000	US\$'000
Amortisation of intangible assets	451	421
Depreciation of property, plant and equipment	3,484	3,639
Direct costs of travel and travel related services	59	50,376
Employee benefit expense (including directors' emoluments)	37,874	42,336
Losses on disposal of property, plant and equipment, net	6	8
Provision for loss allowance and write-off of trade and other receivables	205	439
Provision for impairment and write-off of inventories	125	79
Raw materials and consumables used	9,819	18,188
Write-off of intangible assets	–	40

8 FINANCE COSTS

	(Unaudited)	
	Six months ended 30 September	
	2020	2019
	US\$'000	US\$'000
Interest expense on short-term bank borrowings	256	324
Interest expense on lease liabilities	33	19
	289	343

9 INCOME TAX (CREDIT)/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 2020 (the tax rate for the six months ended 30 September 2019 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 2020 (the tax rate for the six months ended 30 September 2019 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 (credit)/expense in the condensed consolidated statement of profit or loss represents:

	(Unaudited)	
	Six months ended 30 September	
	2020	2019
	US\$'000	US\$'000
Hong Kong taxation		
Current period	40	503
Malaysian taxation		
Current period	340	1,960
Other countries' taxation		
Current period (<i>note</i>)	51	(1,127)
(Over)/under provision in prior years	(1)	1
Deferred income tax credit	(547)	(480)
	<u>(117)</u>	<u>857</u>

Note: During the six months ended 30 September 2019, an overseas subsidiary received a tax refund of US\$1,620,000 from the local tax authority upon the successful application for a tax incentive scheme.

10 (LOSS)/EARNINGS PER SHARE ATTRIBUTABLE TO OWNERS OF THE COMPANY

	(Unaudited)	
	Six months ended 30 September	
	2020	2019
(Loss)/profit attributable to owners of the Company (<i>US\$'000</i>)	<u>(4,899)</u>	<u>5,449</u>
Weighted average number of ordinary shares in issue	<u>1,687,236,241</u>	<u>1,687,236,241</u>
Basic (loss)/earnings per share (<i>US cents</i>)	<u>(0.29)</u>	<u>0.32</u>
Diluted (loss)/earnings per share (<i>US cents</i>)	<u>(0.29)</u>	<u>0.32</u>

The diluted (loss)/earnings per share is the same as the basic (loss)/earnings per share as there were no dilutive potential shares in issue during the six months ended 30 September 2020 and 2019.

11 DIVIDENDS

	(Unaudited)	
	Six months ended 30 September	
	2020	2019
	US\$'000	US\$'000
Dividends attributable to the period:		
First interim, proposed, nil (2019/2020: US0.16 cents) per ordinary share	–	2,700
Dividends paid during the period:		
Second interim, 2019/2020, US0.10 cents (2018/2019: US0.10 cents) per ordinary share (<i>note</i>)	1,687	1,687

The Board of Directors does not recommend any distribution of dividend for the six months ended 30 September 2020 (2019/2020: US0.16 cents per ordinary share).

Note: 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 2020, was paid on 13 July 2020.

12 TRADE AND OTHER RECEIVABLES

	(Unaudited)	(Audited)
	As at	As at
	30 September	31 March
	2020	2020
	US\$'000	US\$'000
Trade receivables (<i>note</i>)	20,244	21,730
Less: provision for loss allowance of trade receivables	(2,006)	(1,844)
Trade receivables, net	18,238	19,886
Deposits and prepayments	3,627	4,157
Other receivables	1,508	1,209
	23,373	25,252

As at 30 September 2020 and 31 March 2020, 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 2020 and 31 March 2020, 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)	(Audited)
	As at	As at
	30 September	31 March
	2020	2020
	US\$'000	US\$'000
1 to 60 days	12,485	11,819
61 to 120 days	3,726	5,631
121 to 180 days	822	1,423
Over 180 days	3,211	2,857
	20,244	21,730

13 TRADE AND OTHER PAYABLES

	(Unaudited) As at 30 September 2020 US\$'000	(Audited) As at 31 March 2020 US\$'000
Trade payables (<i>note</i>)	5,386	5,419
Accrued charges and other payables	19,034	16,909
Deferred government grant	1,808	–
	<u>26,228</u>	<u>22,328</u>

As at 30 September 2020 and 31 March 2020, the fair values of trade and other payables and deferred government grant approximated the carrying amounts.

Note: As at 30 September 2020 and 31 March 2020, the ageing analysis of the trade payables based on invoice date is as follows:

	(Unaudited) As at 30 September 2020 US\$'000	(Audited) As at 31 March 2020 US\$'000
1 to 60 days	4,258	4,420
61 to 120 days	870	798
121 to 180 days	79	25
Over 180 days	179	176
	<u>5,386</u>	<u>5,419</u>

14 BANK AND OTHER BORROWINGS

	(Unaudited) As at 30 September 2020 US\$'000	(Audited) As at 31 March 2020 US\$'000
Current		
Short-term bank borrowings (secured)	19,690	17,650
Short-term bank borrowings (unsecured)	1,527	1,712
	<u>21,217</u>	<u>19,362</u>

MANAGEMENT DISCUSSION AND ANALYSIS

FINANCIAL HIGHLIGHTS

	(Unaudited)		
	Six months ended 30 September		
	2020	2019	<i>% Change</i>
	<i>US\$'000</i>	<i>US\$'000</i>	
Turnover	54,591	144,530	-62.2%
(Loss)/profit before income tax	(5,355)	6,001	-189.2%
(EBITDA loss)/EBITDA	(1,681)	9,653	-117.4%
Basic (loss)/earnings per share (US cents)	(0.29)	0.32	-190.6%

OVERALL REVIEW OF OPERATIONS

The Group faced with unprecedented challenges brought by the COVID-19 pandemic during the first half-year of 2020/2021. The economic headwinds and weak market sentiments have adversely affected the Group's publishing and printing business; while the border closures and travel restrictions have a huge negative impact on its travel operation.

For the six-month period ended 30 September 2020, the Group's turnover decreased by 62.2% to US\$54,591,000 when compared to the same period last year, with both the publishing and printing and travel segments reporting declines. The shortfall in revenue was partially mitigated by significant cost savings and support from certain governments' grant and wage subsidy programs. The Group recorded a loss before income tax of US\$5,355,000 for the current period, as opposed to a profit before income tax of US\$6,001,000 in the prior year period.

Turnover of the Group's publishing and printing segment fell by 36.1% to US\$54,523,000 from US\$85,292,000 in the previous year period. This resulted in the segment recording a loss before income tax of US\$4,248,000 compared to a profit before income tax of US\$2,085,000 in the corresponding period last year. Meanwhile, the pandemic and lockdowns caused the Group's travel segment to register a 99.9% drop in turnover to US\$68,000 and a loss before income tax of US\$803,000 as opposed to a profit before income tax of US\$4,307,000 a year earlier.

The Group reported an EBITDA loss of US\$1,681,000 for the six months ended 30 September 2020, comparing to an EBITDA of US\$9,653,000 for the prior year period.

Basic loss per share for the six months ended 30 September 2020 was US0.29 cents, as opposed to a basic earnings per share of US0.32 cents in the same period last year.

As at 30 September 2020, the Group's cash and cash equivalents and short term bank deposits totaled US\$76,328,000 and the Group's net assets per share attributable to owners of the Company was US9.58 cents.

SEGMENTAL REVIEW

Publishing and Printing

Malaysia and other Southeast Asian countries

The Malaysia and other Southeast Asian countries segment turnover fell by 39.5% from US\$54,679,000 to US\$33,079,000 for the period under review. The Malaysian government's implementation of the Movement Control Order ("MCO"), which lasted from 18 March 2020 to 9 June 2020, and the subsequent Recovery MCO to prevent a mass outbreak of the coronavirus had a grave impact on the country's economy. Many businesses suffered from the closure of operations save for essential services. Consumer spending fell as people shunned public places due to the virus which in turn has a negative impact on the advertisement spend in Malaysia. Besides the decrease in print advertisements, all ground events that the Group used to organise for its advertisers to complement its print platforms have come to a halt. Meanwhile, the segment's digital business was also adversely impacted by the slowdown in the country's economic activities.

Despite its cost containment efforts, the significant decrease in turnover resulted in the segment reporting a loss before income tax of US\$3,619,000, as opposed to a profit before income tax of US\$4,520,000 in the corresponding period last year.

Hong Kong and Taiwan

The economy of Hong Kong was also badly affected by the coronavirus pandemic which hit the city in early 2020. The closing of the city's borders has greatly affected its retail business as the number of tourists plummeted. Hong Kong's GDP contracted during the period under review and its unemployment rate rose to 6.4% in the 3rd quarter of 2020, the highest in 16 years. Hong Kong experienced a third wave of COVID-19 in July which prompted the government to further tighten the social distancing measures, thereby slowed down the city's economic recovery.

Affected by the pandemic and weak market conditions, the turnover of the Hong Kong and Taiwan segment decreased by 26.5% to US\$18,464,000 from US\$25,105,000 in the same period last year. The segment recorded a loss before income tax of US\$985,000 for the period in review, which narrowed from last year's loss of US\$1,599,000. In addition to the Group's cost-cutting measures, the improvement in result was also due to the wage subsidies received under the Hong Kong government's Employment Support Scheme which aimed at assisting businesses battered by the coronavirus pandemic.

North America

Turnover of the Group's publishing and printing operations in North America fell by 45.9% to US\$2,980,000 from US\$5,508,000 in the same period last year. The North American economy was also badly affected by the coronavirus pandemic with Canada imposing lockdown measures across the country since March 2020. Nevertheless, the segment recorded a profit before income tax of US\$356,000 for the period under review, as opposed to a loss before income tax of US\$836,000 in the corresponding period last year. This was mainly due to cost savings and funds received from the Canadian government's subsidies and relief programs.

Travel and travel related services

The coronavirus has paralysed the tour and travel industry with border closures and travel restrictions being implemented by many countries. The Group's travel segment has experienced significant decline in revenue since February 2020. The segment's turnover for the six months ended 30 September 2020 amounted to US\$68,000 only, down 99.9% from US\$59,238,000 recorded in the same period last year. The sharp decline in revenue resulted in the travel segment reporting a loss before income tax of US\$803,000, as opposed to a profit before income tax of US\$4,307,000 for the same period last year.

Digital business

The global coronavirus has led to changes in the way businesses are conducted as well as consumer spending habits. In adapting with the "new normal" brought about by the pandemic, the Group has been organising more virtual events in order to reach a wider audience and drive revenue. After its successful virtual "Overseas Education Fair" in March 2020, *Ming Pao Daily News* has continued to organise a number of live webinars on various topics including finance, health and overseas properties, in which experts were invited to share their expertise and experiences. In view of the acceleration of e-commerce, the Group has continued to scale up its e-commerce platform "PowerUp" to serve its customers as well as to provide its business partners with more business opportunities.

Sin Chew Daily also launched its first online education fair during the period under review which attracted about 60,000 prospective students and parents who were looking for higher education options. A number of other virtual events were held, including an online domestic travel fair 'GOLOKAL', a series of virtual health talks, a lifestyle e-fair and a property e-fair.

The Group will remain focused on growing its digital audiences by providing quality news, information and content that are most relevant to their needs; while at the same time building synergies with its existing print products to widen the Group's revenue streams.

OUTLOOK

The Group expects the market conditions for the months ahead to be extremely challenging and difficult. It is imperative for countries to open their borders in order to drive global trade and spur spending by consumers and allow economic activities to resume gradually. However, with the current resurgence of coronavirus infections in many countries, the Group does not expect much improvement in the economy of the countries which it operates in for the remainder of the current financial year.

COVID-19 has an unprecedented adverse impact on the travel industry which will only start to recover when an effective vaccine is widely available and customers' confidence in air travel is restored. The setting up of "air travel bubbles" between countries will help revive cross-border passenger flow and the Group will keep abreast of this market development for any business opportunities. Meantime, it will strive to keep its travel business afloat through this tough period by drastically cutting down all its expenditures.

The lockdowns and social distancing measures have led to an increase in online consumption and hence digital business opportunities. The Group will continue to focus on expanding its multimedia services through its web and mobile platforms. At the same time, the Group will monitor its financial position closely and ensure strict cost controls remain in place and be monitored closely to ensure that the Group has sufficient resources to ride through this pandemic.

PLEDGE OF ASSETS

As at 30 September 2020, 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\$2,874,000 at 30 September 2020 (At 31 March 2020: US\$2,943,000) and assignment of rental income derived therefrom; and
- (b) corporate guarantees issued by the Company.

As at 30 September 2020, the Group had short-term bank deposits of US\$516,000 (At 31 March 2020: US\$516,000) pledged to a bank for a bank guarantee issued.

CONTINGENT LIABILITIES

As at 30 September 2020, 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 unaudited 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 2020, the Group's authorised capital expenditure for property, plant and equipment contracted but not provided for in this interim financial information amounted to US\$555,000 (At 31 March 2020: US\$509,000).

LIQUIDITY, FINANCIAL RESOURCES AND NET GEARING RATIO

As at 30 September 2020, the Group's cash and cash equivalents and short-term bank deposits amounted to US\$76,328,000 (31 March 2020: US\$73,882,000) and total bank and other borrowings were US\$21,217,000 (31 March 2020: US\$19,362,000). The net cash position was US\$55,111,000 (31 March 2020: US\$54,520,000). Owners' equity was US\$161,667,000 (31 March 2020: US\$162,153,000).

The net gearing ratio of the Group, calculated as net debt over owners' equity, was nil as at 30 September 2020 and 31 March 2020.

EMPLOYEES AND EMOLUMENT POLICY

As at 30 September 2020, the Group had 3,202 employees (31 March 2020: 3,359 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 2020, neither the Company nor any of its subsidiaries had purchased, sold or the Company had redeemed any of the Company's listed securities.

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 should seek annual shareholders' approval through a 2-tier voting process, if to retain an independent director who serves more than 12 years; (iii) the Board must have at least 30% women directors; (iv) 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 (v) 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 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.