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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 FINAL FINANCIAL RESULTS FOR THE YEAR ENDED 31 MARCH 2022

The directors of Media Chinese International Limited (the “Company”) hereby announce that the consolidated results of the Company and its subsidiaries (collectively the “Group”) for the year ended 31 March 2022, together with comparative figures for the year ended 31 March 2021 are as follows:

CONSOLIDATED STATEMENT OF PROFIT OR LOSS

		Year ended 31 March	
		2022	2021
	Note	US\$'000	US\$'000
Turnover	4	122,387	115,679
Cost of goods sold		(75,700)	(77,284)
Gross profit		46,687	38,395
Other income	5	10,586	17,638
Other gains, net	6	317	2,833
Selling and distribution expenses		(30,498)	(29,387)
Administrative expenses		(20,949)	(23,787)
Net reversal of/(provision for) loss allowance on financial assets		272	(387)
Other operating expenses		(4,004)	(6,175)
Operating profit/(loss)	7	2,411	(870)
Finance costs	8	(406)	(489)
Share of results of an associate and a joint venture		(6)	(8)
Profit/(loss) before income tax		1,999	(1,367)
Income tax expense	9	(2,161)	(546)
Loss for the year		(162)	(1,913)
Profit/(loss) attributable to:			
Owners of the Company		400	(1,303)
Non-controlling interests		(562)	(610)
		(162)	(1,913)
Earnings/(loss) per share attributable to owners of the Company			
Basic (US cents)	10	0.02	(0.08)
Diluted (US cents)	10	0.02	(0.08)

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

	Year ended 31 March	
	2022	2021
	<i>US\$'000</i>	<i>US\$'000</i>
Loss for the year	(162)	(1,913)
Other comprehensive (loss)/income		
Item that may be reclassified subsequently to profit or loss:		
Currency translation differences	(2,161)	5,585
Items that will not be reclassified subsequently to profit or loss:		
Fair value change on financial assets at fair value through other comprehensive income	(295)	1,267
Remeasurements of post-employment benefit obligations	79	372
	<hr/>	<hr/>
Other comprehensive (loss)/income for the year, net of tax	(2,377)	7,224
	<hr/>	<hr/>
Total comprehensive (loss)/income for the year	(2,539)	5,311
	<hr/> <hr/>	<hr/> <hr/>
Total comprehensive (loss)/income for the year attributable to:		
Owners of the Company	(1,880)	5,575
Non-controlling interests	(659)	(264)
	<hr/>	<hr/>
	(2,539)	5,311
	<hr/> <hr/>	<hr/> <hr/>

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

		As at 31 March 2022 US\$'000	As at 31 March 2021 US\$'000
	<i>Note</i>		
ASSETS			
Non-current assets			
Property, plant and equipment and right-of-use assets		58,809	65,218
Investment properties		24,721	24,711
Intangible assets		7,876	8,560
Deferred income tax assets		89	94
Investments accounted for using the equity method		24	31
Financial assets at fair value through other comprehensive income		636	942
		92,155	99,556
Current assets			
Inventories		11,448	16,996
Trade and other receivables	12	18,747	20,422
Financial assets at fair value through profit or loss		1,209	1,310
Income tax recoverable		687	914
Short-term bank deposits		30,327	25,252
Cash and cash equivalents		64,952	69,181
		127,370	134,075
Current liabilities			
Trade and other payables	13	19,991	20,217
Contract liabilities		7,780	7,160
Income tax liabilities		799	404
Bank and other borrowings	14	22,655	32,104
Lease liabilities		286	870
Current portion of other non-current liabilities		49	46
		51,560	60,801
Net current assets		75,810	73,274
Total assets less current liabilities		167,965	172,830

	As at 31 March 2022 US\$'000	As at 31 March 2021 US\$'000
EQUITY		
Equity attributable to owners of the Company		
Share capital	21,715	21,715
Share premium	54,664	54,664
Other reserves	(117,583)	(115,228)
Retained earnings	203,678	204,890
	162,474	166,041
Non-controlling interests	(279)	380
	162,195	166,421
Non-current liabilities		
Lease liabilities	473	501
Deferred income tax liabilities	4,794	5,149
Other non-current liabilities	503	759
	5,770	6,409
	167,965	172,830

NOTES TO THE CONSOLIDATED FINANCIAL INFORMATION

For the year ended 31 March 2022

1 BASIS OF PREPARATION

The consolidated financial information of the Company and its subsidiaries (collectively the “Group”) for the year ended 31 March 2022 (this “consolidated financial information”) has been prepared in accordance with the International Financial Reporting Standards (“IFRSs”) and under the historical cost convention, as modified by the revaluation of investment properties, financial assets at fair value through other comprehensive income, and financial assets at fair value through profit or loss, which are carried at fair value. This consolidated financial information also included applicable disclosure requirements of the Hong Kong Companies Ordinance (Cap. 622) and the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (“HK Listing Rules”).

2 ACCOUNTING POLICIES

(a) The Group has adopted the following amended standards for the first time for their annual reporting period commencing 1 April 2021:

- Amendments to IAS 39, IFRS 4, IFRS 7, IFRS 9 and IFRS 16, “Interest rate benchmark reform — phase 2”
- Amendments to IFRS 16, “COVID-19 — related rent concessions beyond 30 June 2021”

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.

(b) The Group has not early adopted new and amended standards that have been issued but are not mandatory for 31 March 2022 reporting periods. None of the new standards and interpretations are expected to have a significant 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\$.

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 profit/(loss) 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 year ended 31 March 2022, analysed by operating segment, are as follows:

	Publishing and printing				Travel and travel related services US\$'000	Total US\$'000
	Malaysia and other Southeast Asian countries US\$'000	Hong Kong and Taiwan US\$'000	North America US\$'000	Sub-total US\$'000		
Turnover						
— Sales of newspapers, magazines, books and digital contents	30,642	12,679	1,648	44,969	–	44,969
— Advertising income	42,592	27,868	5,848	76,308	–	76,308
— Travel and travel related services income	–	–	–	–	1,110	1,110
	<u>73,234</u>	<u>40,547</u>	<u>7,496</u>	<u>121,277</u>	<u>1,110</u>	<u>122,387</u>
Segment profit/(loss) before income tax	<u>5,246</u>	<u>(528)</u>	<u>(541)</u>	<u>4,177</u>	<u>(1,533)</u>	<u>2,644</u>
Other net unallocated expenses						(645)
Profit before income tax						1,999
Income tax expense						(2,161)
Loss for the year						<u>(162)</u>
Other segmental information:						
Interest income	1,057	3	14	1,074	5	1,079
Finance costs	(16)	(365)	–	(381)	(25)	(406)
Depreciation of property, plant and equipment and right-of-use assets	(4,749)	(1,118)	(172)	(6,039)	(14)	(6,053)
Amortisation of intangible assets	(731)	(43)	(4)	(778)	(4)	(782)
Provision for impairment of right-of-use assets	–	(21)	–	(21)	(96)	(117)
Net reversal of/(provision for) loss allowance on financial assets	254	(24)	42	272	–	272
Share of results of an associate and a joint venture	–	(6)	–	(6)	–	(6)

The Group's turnover and results for the year ended 31 March 2021, analysed by operating segment, are as follows:

	Publishing and printing				Travel and travel related services US\$'000	Total US\$'000
	Malaysia and other Southeast Asian countries US\$'000	Hong Kong and Taiwan US\$'000	North America US\$'000	Sub-total US\$'000		
Turnover						
— Sales of newspapers, magazines, books and digital contents	33,977	12,474	1,635	48,086	–	48,086
— Advertising income	37,749	24,551	5,165	67,465	–	67,465
— Travel and travel related services income	–	–	–	–	128	128
	<u>71,726</u>	<u>37,025</u>	<u>6,800</u>	<u>115,551</u>	<u>128</u>	<u>115,679</u>
Segment profit/(loss) before income tax	<u>3,306</u>	<u>(1,287)</u>	<u>651</u>	<u>2,670</u>	<u>(3,427)</u>	<u>(757)</u>
Other net unallocated expenses						(610)
Loss before income tax						(1,367)
Income tax expense						(546)
Loss for the year						<u>(1,913)</u>
Other segmental information:						
Interest income	971	5	35	1,011	17	1,028
Finance costs	(36)	(400)	–	(436)	(53)	(489)
Depreciation of property, plant and equipment and right-of-use assets	(4,884)	(1,190)	(164)	(6,238)	(792)	(7,030)
Amortisation of intangible assets	(798)	(86)	(8)	(892)	(4)	(896)
Provision for impairment of right-of-use assets	–	–	–	–	(1,185)	(1,185)
Net provision for loss allowance on financial assets	(82)	(77)	(121)	(280)	(107)	(387)
Share of results of an associate and a joint venture	–	(8)	–	(8)	–	(8)

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 year is disaggregated as follows:

	Year ended 31 March	
	2022 US\$'000	2021 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	44,969	48,086
Travel and travel related services income	194	59
Over time		
Advertising income, net of trade discounts	76,308	67,465
Travel and travel related services income	916	69
	<u>122,387</u>	<u>115,679</u>

The segment assets and liabilities as at 31 March 2022 are as follows:

	Publishing and printing				Travel and travel related services	Elimination	Total
	Malaysia and other Southeast Asian countries US\$'000	Hong Kong and Taiwan US\$'000	North America US\$'000	Sub-total US\$'000			
Segment assets	<u>160,720</u>	<u>40,505</u>	<u>10,465</u>	<u>211,690</u>	<u>10,051</u>	<u>(3,110)</u>	218,631
Unallocated assets							<u>894</u>
Total assets							<u>219,525</u>
Total assets include:							
Investments accounted for using the equity method	-	24	-	24	-	-	24
Additions to non-current assets (other than deferred income tax assets)	<u>346</u>	<u>285</u>	<u>35</u>	<u>666</u>	<u>109</u>	<u>-</u>	<u>775</u>
Segment liabilities	<u>(10,850)</u>	<u>(33,208)</u>	<u>(6,178)</u>	<u>(50,236)</u>	<u>(3,335)</u>	<u>3,110</u>	(50,461)
Unallocated liabilities							<u>(6,869)</u>
Total liabilities							<u>(57,330)</u>

The segment assets and liabilities as at 31 March 2021 are as follows:

	Publishing and printing				Travel and travel related services US\$'000	Elimination US\$'000	Total 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	<u>161,408</u>	<u>49,845</u>	<u>10,625</u>	<u>221,878</u>	<u>10,895</u>	<u>(271)</u>	232,502
Unallocated assets							<u>1,129</u>
Total assets							<u>233,631</u>
Total assets include:							
Investments accounted for using the equity method	-	31	-	31	-	-	31
Additions to non-current assets (other than deferred income tax assets)	<u>387</u>	<u>137</u>	<u>52</u>	<u>576</u>	<u>10</u>	<u>-</u>	<u>586</u>
Segment liabilities	<u>(10,371)</u>	<u>(41,296)</u>	<u>(6,177)</u>	<u>(57,844)</u>	<u>(2,820)</u>	<u>271</u>	(60,393)
Unallocated liabilities							<u>(6,817)</u>
Total liabilities							<u>(67,210)</u>

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

Segment assets consist primarily of property, plant and equipment and right-of-use assets, 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 regions”).

As at 31 March 2022 and 2021, the Group's total non-current assets, other than deferred income tax assets, analysed by operating regions, are as follows:

	As at 31 March	
	2022	2021
	US\$'000	US\$'000
Main operating regions		
Malaysia and other Southeast Asian countries	74,124	80,399
Hong Kong and Taiwan	11,220	12,516
Other regions	6,722	6,547
	<u>92,066</u>	<u>99,462</u>

5 OTHER INCOME

	Year ended 31 March	
	2022	2021
	US\$'000	US\$'000
Dividend income	73	117
Government grant and subsidies (<i>note</i>)	4,999	12,599
Interest income	1,079	1,028
Licence fee and royalty income	146	226
Other media-related income	1,752	1,205
Rental and management fee income	851	816
Scrap sales of old newspapers and magazines	1,567	1,050
Others	119	597
	<u>10,586</u>	<u>17,638</u>

Note: Government grant and subsidies included a grant amounted to US\$3,061,000 (2021: US\$3,606,000) from a government for supporting the Group's operation of eligible publications and wage subsidies amounted to US\$1,742,000 (2021: US\$8,758,000) from governments in countries/jurisdiction in which the Group operates.

6 OTHER GAINS, NET

	Year ended 31 March	
	2022	2021
	US\$'000	US\$'000
Fair value gains on investment properties, net	307	2,141
Fair value (losses)/gains on financial assets at fair value through profit or loss, net	(84)	415
Gain on lease modification	93	–
Loss on deemed disposal of an associate	(1)	–
Net exchange gains	2	277
	<u>317</u>	<u>2,833</u>

7 OPERATING PROFIT/(LOSS)

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

	Year ended 31 March	
	2022	2021
	US\$'000	US\$'000
Amortisation of intangible assets	782	896
Depreciation of property, plant and equipment and right-of-use assets	6,053	7,030
Direct costs of travel and travel related services	873	122
Employee benefit expense (including directors' emoluments)	66,092	71,924
Losses/(gains) on disposal of property, plant and equipment, net	18	(10)
Provision for impairment and write-off of inventories	201	232
Provision for impairment of right-of-use assets	117	1,185
Raw materials and consumables used	17,926	18,162
	<u>17,926</u>	<u>18,162</u>

8 FINANCE COSTS

	Year ended 31 March	
	2022	2021
	US\$'000	US\$'000
Interest expense on bank borrowings	377	431
Interest expense on lease liabilities	29	58
	<u>406</u>	<u>489</u>

9 INCOME TAX EXPENSE

Income tax for the Group's Hong Kong operations has been provided at the rate of 16.5% (2021: 16.5%) on the estimated assessable profit derived from Hong Kong for the year. Income tax for the Group's Malaysian operations is calculated at the rate of 24% (2021: 24%) on the estimated assessable profit derived from Malaysia for the year. Taxation on other countries' profits has been calculated on the estimated assessable profits for the year at the rates of taxation prevailing in the countries in which the Group operates.

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

	Year ended 31 March	
	2022 US\$'000	2021 US\$'000
Hong Kong taxation		
Current year	257	70
Over provision in prior years	(29)	(26)
Malaysian taxation		
Current year	2,401	1,692
Over provision in prior years	(60)	(277)
Other countries' taxation		
Current year (<i>note</i>)	(109)	(385)
Under/(over) provision in prior years	3	(41)
Deferred income tax credit	(302)	(487)
	<u>2,161</u>	<u>546</u>

Note: During the year ended 31 March 2022, an overseas subsidiary recognised tax refunds amounted to US\$109,000 from the local tax authority for losses carryback (2021: certain overseas subsidiaries recognised tax refunds amounted to US\$411,000 from the local tax authorities for losses carryback).

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

	Year ended 31 March	
	2022	2021
Profit/(loss) attributable to owners of the Company (<i>US\$'000</i>)	<u>400</u>	<u>(1,303)</u>
Weighted average number of ordinary shares in issue	<u>1,687,236,241</u>	<u>1,687,236,241</u>
Basic earnings/(loss) per share (<i>US cents</i>)	<u>0.02</u>	<u>(0.08)</u>
Diluted earnings/(loss) per share (<i>US cents</i>)	<u>0.02</u>	<u>(0.08)</u>

The diluted earnings/(loss) per share is the same as the basic earnings/(loss) per share as there were no dilutive potential shares in issue during the years ended 31 March 2022 and 2021.

11 DIVIDENDS

	Year ended 31 March	
	2022	2021
	<i>US\$'000</i>	<i>US\$'000</i>
Dividends attributable to the year:		
Interim, declared after the end of the reporting period of US0.15 cents (2020/2021: US0.10 cents, paid) per ordinary share	<u>2,531</u>	<u>1,687</u>
Dividends paid during the year:		
Interim, 2020/2021, US0.10 cents (2019/2020: US0.10 cents) per ordinary share (<i>note</i>)	<u>1,687</u>	<u>1,687</u>

The Board of Directors has declared an interim dividend of US0.15 cents (2020/2021: US0.10 cents) per ordinary share in respect of the year ended 31 March 2022. The dividend will be payable on 8 July 2022 to shareholders whose names appear on the register of members of the Company at the close of business on 20 June 2022 in cash in RM or in Hong Kong Dollar (“HK\$”) at the average exchange rates used during the year ended 31 March 2022 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 consolidated financial information.

The average exchange rates used during the year ended 31 March 2022 of US\$ to RM and US\$ to HK\$, and the amount of the interim dividend payable are as follows:

	Exchange rates	Dividend per ordinary share
US\$ to RM	4.1921	0.629 sen
US\$ to HK\$	7.8038	HK1.171 cents

Note: The tax-exempt interim dividend of US0.10 cents per ordinary share, totaling US\$1,687,000, in respect of the year ended 31 March 2021, was paid on 8 July 2021.

12 TRADE AND OTHER RECEIVABLES

	As at 31 March	
	2022	2021
	US\$'000	US\$'000
Trade receivables (<i>note</i>)	17,046	18,430
Less: provision for loss allowance of trade receivables	(1,928)	(2,272)
	<hr/>	<hr/>
Trade receivables, net	15,118	16,158
Deposits and prepayments	2,300	2,692
Other receivables	1,376	1,575
Less: provision for loss allowance of other receivables	(47)	(3)
	<hr/>	<hr/>
	18,747	20,422
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As at 31 March 2022 and 2021, 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 31 March 2022 and 2021, the ageing analysis of the trade receivables based on invoice date is as follows:

	As at 31 March	
	2022	2021
	US\$'000	US\$'000
1 to 60 days	9,807	10,899
61 to 120 days	3,536	2,976
121 to 180 days	776	829
Over 180 days	2,927	3,726
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	17,046	18,430
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13 TRADE AND OTHER PAYABLES

	As at 31 March	
	2022	2021
	US\$'000	US\$'000
Trade payables (<i>note</i>)	5,195	4,825
Accrued charges and other payables	<u>14,796</u>	<u>15,392</u>
	<u><u>19,991</u></u>	<u><u>20,217</u></u>

As at 31 March 2022 and 2021, the fair values of trade and other payables approximated the carrying amounts.

Note: As at 31 March 2022 and 2021, the ageing analysis of the trade payables based on invoice date is as follows:

	As at 31 March	
	2022	2021
	US\$'000	US\$'000
1 to 60 days	4,842	3,839
61 to 120 days	127	742
121 to 180 days	34	11
Over 180 days	<u>192</u>	<u>233</u>
	<u><u>5,195</u></u>	<u><u>4,825</u></u>

14 BANK AND OTHER BORROWINGS

	As at 31 March	
	2022	2021
	US\$'000	US\$'000
Current		
Bank borrowings (secured)	22,298	31,778
Bank borrowings (unsecured)	<u>357</u>	<u>326</u>
	<u><u>22,655</u></u>	<u><u>32,104</u></u>

MANAGEMENT DISCUSSION AND ANALYSIS

FINANCIAL HIGHLIGHTS

	Year ended 31 March		
	2022	2021	% Change
	US\$'000	US\$'000	
Turnover	122,387	115,679	5.8%
Profit/(loss) before income tax	1,999	(1,367)	246.2%
EBITDA	8,284	7,294	13.6%
Basic earnings/(loss) per share (US cents)	0.02	(0.08)	125.0%

OVERALL REVIEW OF OPERATIONS

FY2021/2022 has been a tough twelve months for the Group as it continued to face challenges posed by the COVID pandemic on all its businesses, in particular the negative impact on the advertising market and travel industry.

However, with the gradual resumption of economic activities in the markets where the Group operates, its businesses started to pick up since mid-2021 before they were hit again by the Omicron surge in early 2022, particularly for the Group's business in Hong Kong where strict social distancing measures were re-imposed.

For the year ended 31 March 2022, the Group's turnover grew by 5.8% to US\$122,387,000 from US\$115,679,000 recorded in the previous year. The improvement was across the board with both the printing and publishing segment and the travel segment reported increase in turnover of 5.0% and 767.2% respectively over the last year.

Driven by the growth in revenue and continued cost optimisation measures, the Group achieved a profit before income tax of US\$1,999,000 for the year under review, as opposed to a loss before income tax of US\$1,367,000 recorded in the last year.

For the financial year in review, the RM weakened against the US\$ whereas the C\$ strengthened against the US\$. This resulted in net positive currency impact of approximately US\$168,000 on the Group's turnover and net negative currency impact of approximately US\$189,000 on the Group's profit before income tax.

Basic earnings per share for the year ended 31 March 2022 was US0.02 cents, compared with a basic loss per share of US0.08 cents in the previous year.

As of 31 March 2022, the Group's cash and cash equivalents and short-term bank deposits totalled US\$95,279,000 and the Group's net assets per share attributable to owners of the Company was US9.63 cents.

Publishing and printing

For the year in review, turnover for the publishing and printing segment increased by 5.0% or US\$5,726,000 to US\$121,277,000 from US\$115,551,000 in the previous year. The segment's profit before income tax improved by 56.4% or US\$1,507,000 to US\$4,177,000 from last year's US\$2,670,000.

Malaysia and other Southeast Asian Countries

In 2021, the Malaysian operations had to navigate the challenges posed by the pandemic, including multiple lockdowns and economic uncertainty. Despite the tough market environment, the segment's financial and market position remained strong throughout the year to withstand such challenges.

The segment delivered improved results for the year ended 31 March 2022 with a 2.1% growth in turnover to US\$73,234,000 from US\$71,726,000 recorded in the previous year. This revenue growth contributed to a 58.7% increase in the segment's profit before income tax to US\$5,246,000 for the year in review, compared to US\$3,306,000 in 2020/2021.

The Group is the leading Chinese media group in Malaysia with a portfolio of four Chinese newspapers, unique online brands and a suite of magazine titles. The Group is closely integrated with the Chinese community in Malaysia to create a powerful marketing platform in the country with a high level of community engagement.

The segment focuses on improving its advertising performance through better yield management as well as the introduction of new supplements and platforms to improve the appeal of the segment's publications to advertisers.

To widen its reader base, the segment continues to focus on maintaining a home delivery subscriber base for its newspapers and reducing customer churn through retention programs that reward subscriber loyalty.

At the same time, the segment continues to transform its business with a strong focus on driving a greater share of its revenue from digital products and services. The result of these efforts was reflected in the growing online traffic of the segment's digital platforms. Two of the Group's newspapers in Malaysia, *Sin Chew Daily* and *China Press*, are the leading online sites and apps in the country. Together with *Guang Ming Ribao* and *Nanyang Siang Pau*, the Group's four titles successfully attracted an average of 16 million unique visitors in March 2022 (source: Google Analytics).

The segment also expands its revenue base by organising events to reach a wider audience. While strictly adhering to the COVID-19 standard operating procedures, *Sin Chew Daily* organised the Sin Chew Business Excellence Awards 2020 in March 2022 with over 500 entrepreneurs attending the event. This was one of the very first live events held after the Movement Control Order was lifted in May 2021. Life Magazines, the segment's magazine division, has leveraged the social media platforms to organise various online events during the year under review, including the Classic Culinary Online Competition 2021 and Vegetarian Chef Online Competition 2021.

Hong Kong and Taiwan

In 2021, some normalcy had returned to Hong Kong resulting in its economy expanding by 6.4% as opposed to a contraction in 2020. However, the emergence of Omicron since early January 2022 has prompted the government to re-impose tight restrictions on social activities and travels to curtail the spread of this infectious virus with an aim of achieving "dynamic zero infection".

The strict COVID-related measures resulted in businesses and consumers reducing their spending which in turn caused a drop in the market's advertising expenditure. The Group's Hong Kong operation was inevitably affected and saw a decline in its advertising revenue.

Despite this adversity, the Hong Kong and Taiwan segment recorded a total turnover of US\$40,547,000 for the year in review, reflecting an increase of 9.5% when compared to last year's US\$37,025,000. This growth in turnover contributed to the narrowing of the segment's loss before income tax to US\$528,000 from US\$1,287,000 recorded in last year.

Ming Pao Daily News (“Ming Pao”), a renowned independent paper, has continued its efforts to introduce advertisement solutions that leverage both its print and digital platforms to attract new customers and expand its revenue stream. While Ming Pao’s revenue from the luxury and travel sectors remained slow as demand for these products dropped during the pandemic, revenue from the recruitment classifieds continued to grow on the back of Hong Kong’s improving employment market. To expand its revenue sources, Ming Pao will continue to cultivate revenue through organising events and participation in government projects.

One Media Group, the Group’s listed subsidiary publishing Chinese language lifestyle magazines in Hong Kong and Taiwan, recorded a turnover of US\$5,785,000 for the year in review which is a 2.4% decline compared to the US\$5,926,000 reported in the previous year. As advertising revenue from the luxury brands sector remained subdued, One Media Group had to entice a new customer base with customised advertisement solutions. For the year in review, it reported a loss before income tax of US\$1,580,000 which narrowed from the US\$2,220,000 reported in last year, mainly attributed to continued cost savings initiatives.

North America

Turnover for the Group’s publishing and printing operations in North America grew by 10.2% to US\$7,496,000 for the financial year in review when compared to last year’s US\$6,800,000. This was mainly attributed to the slow opening up of the local economy following the gradual easing of COVID measures.

Despite the growth in turnover, the segment reported a loss before income tax of US\$541,000 as opposed to a profit before income tax of US\$651,000 recorded in last year. The decline was mainly due to the increase in newsprint costs and that less subsidies were received from the Canadian government which had phased out its subsidy programs in light of improved economic conditions.

Travel and travel related services

As global vaccination rate increases, more countries have opened up borders and relaxed their quarantine measures. This led to an increase in people travelling and the return of more flights by airlines. During the year under review, the Group’s North America tour operations managed to organise some local tours and trips to the Rockies.

For the year in review, the turnover for the travel segment grew more than eightfold to US\$1,110,000 from last year’s US\$128,000. The revenue improvement, together with continued cost savings, contributed to a 55.3% reduction in the travel segment’s loss before income tax to US\$1,533,000 from US\$3,427,000 in the previous year. With more countries transitioning to the endemic phase, the Group is hopeful that international travel will return to normal soon.

Digital business

Spurred by the COVID-19 pandemic, the Group has intensified its digitalisation efforts to adapt to the new business demands in today's highly competitive digital landscape. During the year in review, the Group continued to develop and build its portfolio of digital brands.

As technologies such as AI and data-driven marketing continue to grow, the Group believes that the future of marketing and business will be more diverse, inclusive, and connected to real customer needs. The Group needs to adapt to these rapid technological changes, the increasing number of digital media options available and changes in consumer behaviour.

Moving forward, the Group will invest in these new technologies and data analytics to increase engagement with its readers and customers, and to monetise its data assets. These will ensure that the Group is well-positioned to take advantage of growth opportunities when market conditions improve.

The Group will continue to leverage on its ability to drive cross-platform advertising solutions that combine the strength of its print and digital platforms to help advertisers reach their target customers. At the same time, it will continue to develop more strategic video capabilities as demand for video marketing, branded content and other custom advertising is growing.

The Group will advocate for a more level playing field where digital platforms share revenues fairly with the news publishers for the use of the latter's content. Other countries have achieved this and it is believed that Malaysia and Hong Kong can and must do the same to protect their news publishers.

OUTLOOK

As more countries transition to the endemic phase of the pandemic, it is expected that the global economy will continue to recover, supported by sustained progress in vaccination programmes worldwide and the relaxation of health measures. Hence, the Group is cautiously optimistic that the business environment will improve in the next financial year, especially for the travel industry as travel starts to resume across the world fuelled by the relaxation of quarantine measures.

Furthermore, Malaysia's economic recovery is expected to strengthen in 2022, driven by the expansion in global demand and continued implementation of domestic economic and fiscal stimulus measures.

However, downside risks to global growth remain, given uncertainties surrounding the evolution of the COVID-19 variants, geopolitical tensions, ongoing supply chain disruptions, escalating energy prices and inflationary risks.

Moreover, newsprint prices are likely to remain high in the coming quarters which could affect the Group's overall performance.

The Group will continue to build its digital capabilities and diversify its revenue stream to keep up with the ever-changing market, while at the same time maintain disciplined cost controls to mitigate the impact of rising costs.

PLEDGE OF ASSETS

As at 31 March 2022, 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\$4,430,000 at 31 March 2022 (At 31 March 2021: US\$4,707,000) and assignment of rental income derived therefrom; and
- (b) corporate guarantees issued by the Company.

As at 31 March 2022, the Group had short-term bank deposits of US\$131,000 (At 31 March 2021: US\$542,000) pledged to a bank for a bank guarantee issued.

CONTINGENT LIABILITIES

As at 31 March 2022, 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 consolidated 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 31 March 2022, the Group's authorised capital expenditure for property, plant and equipment contracted but not provided for in this consolidated financial information amounted to US\$21,000 (At 31 March 2021: US\$99,000).

The Group's authorised capital expenditure for intangible assets contracted but not provided for in this consolidated financial information amounted to US\$468,000 (At 31 March 2021: US\$464,000).

LIQUIDITY, FINANCIAL RESOURCES AND NET GEARING RATIO

As at 31 March 2022, the Group's cash and cash equivalents and short-term bank deposits amounted to US\$95,279,000 (31 March 2021: US\$94,433,000) and total bank and other borrowings were US\$22,655,000 (31 March 2021: US\$32,104,000). The net cash position was US\$72,624,000 (31 March 2021: US\$62,329,000). Owners' equity was US\$162,474,000 (31 March 2021: US\$166,041,000).

The net gearing ratio of the Group, calculated as net debt over owners' equity, was nil as at 31 March 2022 and 2021.

EMPLOYEES AND EMOLUMENT POLICY

As at 31 March 2022, the Group had 2,877 employees (31 March 2021: 3,084 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 year ended 31 March 2022, 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 FOR ANNUAL GENERAL MEETING

The annual general meeting of the Company is scheduled to be held on Friday, 19 August 2022. The register of members in Hong Kong will be closed on Friday, 12 August 2022 to Friday, 19 August 2022, both days inclusive, during which no transfer of shares will be registered. In order to qualify for attending the forthcoming annual general meeting, 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 Thursday, 11 August 2022. In respect of the shareholders in Malaysia, a depositor in Malaysia shall qualify for the entitlement to attend the annual general meeting only in respect of shares transferred into the depositor's securities account before 4:30 p.m. on Thursday, 11 August 2022.

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 Friday, 12 August 2022 to Friday, 19 August 2022, both days inclusive.

CLOSURE OF THE REGISTER OF MEMBERS FOR INTERIM DIVIDEND

The register of members in Hong Kong will be closed on 20 June 2022 whereby no transfer of shares will be registered on that date. In order to qualify for the interim dividend of US0.15 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 17 June 2022. 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 4:30 p.m. on 20 June 2022 in respect of transfers; and (ii) shares bought on Bursa Securities on a cum entitlement basis according to the rules of Bursa Securities. The interim dividend will be payable to the shareholders on 8 July 2022.

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 14 June 2022 to 20 June 2022, 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 2021 (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 year 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) a former partner of the external audit firm of the Company should observe a cooling-off period of at least 3 years before being appointed as a member of the Audit Committee. 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 year under review.

SCOPE OF WORK OF MESSRS. PRICEWATERHOUSECOOPERS

The figures in respect of the Group's consolidated statement of financial position, consolidated statement of profit or loss, consolidated statement of comprehensive income and the related notes thereto for the year ended 31 March 2022 as set out in this preliminary announcement have been agreed by the Group's auditor, Messrs. PricewaterhouseCoopers, to the amounts set out in the Group's draft consolidated financial statements for the year. The work performed by Messrs. PricewaterhouseCoopers in this respect did not constitute an assurance engagement in accordance with Hong Kong Standards on Auditing, Hong Kong Standards on Review Engagements or Hong Kong Standards on Assurance Engagements issued by the Hong Kong Institute of Certified Public Accountants and consequently no assurance has been expressed by Messrs. PricewaterhouseCoopers on this preliminary announcement.

REVIEW OF FINANCIAL STATEMENTS

The Audit Committee has reviewed with management this consolidated 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

26 May 2022

As at the date of this announcement, the Board comprises Ms. TIONG Choon, Mr. TIONG Kiew Chiong, Mr. WONG Khang Yen, Mr. LIEW Sam Ngan and Ms. TIONG Yijia, being executive directors; Dato' Sri Dr. TIONG Ik King, being non-executive director; and Mr. IP Koon Wing, Ernest, Datuk CHONG Kee Yuon and Mr. KHOO Kar Khoon, being independent non-executive directors.