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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 2022

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 2022, together with comparative figures for the corresponding period in 2021 are as follows:

CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS

	Note	(Unaudited)	
		Six months ended 30 September	
		2022	2021
		US\$'000	US\$'000
Turnover	4	66,666	58,768
Cost of goods sold		(41,548)	(37,467)
Gross profit		25,118	21,301
Other income	5	4,578	5,867
Other (losses)/gains, net	6	(403)	92
Selling and distribution expenses		(15,117)	(14,382)
Administrative expenses		(10,840)	(10,802)
Net reversal of/(provision for) loss allowance on financial assets		32	(52)
Other operating expenses		(947)	(1,957)
Operating profit	7	2,421	67
Finance costs	8	(262)	(216)
Share of results of an associate and a joint venture		(4)	(4)
Profit/(loss) before income tax		2,155	(153)
Income tax expense	9	(1,352)	(507)
Profit/(loss) for the period		803	(660)
Profit/(loss) attributable to:			
Owners of the Company		1,044	(511)
Non-controlling interests		(241)	(149)
		803	(660)
Earnings/(loss) per share attributable to owners of the Company			
Basic (US cents)	10	0.06	(0.03)
Diluted (US cents)	10	0.06	(0.03)

CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

	(Unaudited)	
	Six months ended 30 September	
	2022	2021
	<i>US\$'000</i>	<i>US\$'000</i>
Profit/(loss) for the period	803	(660)
Other comprehensive (loss)/income		
Item that may be reclassified subsequently to profit or loss:		
Currency translation differences	(13,216)	(1,419)
Item that will not be reclassified subsequently to profit or loss:		
Fair value change on financial assets at fair value through other comprehensive income	133	(76)
Other comprehensive loss for the period, net of tax	(13,083)	(1,495)
Total comprehensive loss for the period	(12,280)	(2,155)
Total comprehensive loss for the period attributable to:		
Owners of the Company	(12,071)	(1,983)
Non-controlling interests	(209)	(172)
	(12,280)	(2,155)

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

		(Unaudited) As at 30 September 2022 <i>US\$'000</i>	(Audited) As at 31 March 2022 <i>US\$'000</i>
	<i>Note</i>		
ASSETS			
Non-current assets			
Property, plant and equipment and right-of-use assets		51,866	58,809
Investment properties		22,826	24,721
Intangible assets		6,822	7,876
Deferred income tax assets		96	89
Investments accounted for using the equity method		52	24
Financial assets at fair value through other comprehensive income		764	636
		82,426	92,155
Current assets			
Inventories		11,423	11,448
Trade and other receivables	12	20,040	18,747
Financial assets at fair value through profit or loss		2,514	1,209
Income tax recoverable		262	687
Short-term bank deposits		25,134	30,327
Cash and cash equivalents		65,760	64,952
		125,133	127,370
Current liabilities			
Trade and other payables	13	21,024	19,991
Contract liabilities		9,979	7,780
Income tax liabilities		1,479	799
Bank and other borrowings	14	22,542	22,655
Lease liabilities		217	286
Current portion of other non-current liabilities		44	49
		55,285	51,560
Net current assets		69,848	75,810
Total assets less current liabilities		152,274	167,965

	(Unaudited) As at 30 September 2022 <i>US\$'000</i>	(Audited) As at 31 March 2022 <i>US\$'000</i>
<i>Note</i>		
EQUITY		
Equity attributable to owners of the Company		
Share capital	21,715	21,715
Share premium	54,664	54,664
Other reserves	(130,698)	(117,583)
Retained earnings	202,191	203,678
	<hr/>	<hr/>
	147,872	162,474
Non-controlling interests	(488)	(279)
	<hr/>	<hr/>
Total equity	147,384	162,195
	<hr/>	<hr/>
Non-current liabilities		
Lease liabilities	352	473
Deferred income tax liabilities	4,078	4,794
Other non-current liabilities	460	503
	<hr/>	<hr/>
	4,890	5,770
	<hr/>	<hr/>
	152,274	167,965
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NOTES TO THE INTERIM FINANCIAL INFORMATION

For the six months ended 30 September 2022

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 2022 (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 2022 which were prepared in accordance with International Financial Reporting Standards (“IFRSs”).

This interim financial information has not been audited or reviewed by the external auditor in accordance with International Standards on Auditing or International Standard on Review Engagements 2410 “Review of interim financial information performed by the independent auditor of the entity” issued by the International Auditing and Assurance Standards Board.

2 ACCOUNTING POLICIES

(a) The accounting policies adopted are consistent with those of the previous financial year and corresponding interim reporting period except for the following:

(i) The Group has adopted the following amended standards for the first time for their annual reporting period commencing 1 April 2022:

- Amendments to IAS 16 “Property, plant and equipment: proceeds before intended use”
- Amendments to IAS 37 “Onerous contracts — costs of fulfilling a contract”
- Amendments to IFRS 3 “Reference to the conceptual framework”
- Amendments to IFRSs “Annual improvements to IFRS standards 2018–2020 cycle”

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) Taxes on income in the interim periods are accrued using the tax rate that would be applicable to expected total annual earnings.

(b) The Group has not early adopted new and amended standards that have been issued but are not yet effective for the Group’s reporting period commencing 1 April 2022. 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

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 six months ended 30 September 2022, analysed by operating segment, are as follows:

	(Unaudited)					
	Publishing and printing				Travel and travel related services	Total
	Malaysia <i>US\$'000</i>	Hong Kong and Taiwan <i>US\$'000</i>	North America <i>US\$'000</i>	Sub-total <i>US\$'000</i>	<i>US\$'000</i>	<i>US\$'000</i>
Turnover						
Sales of newspapers, magazines, books and digital contents	15,743	6,654	926	23,323	–	23,323
Advertising income	20,911	14,876	2,554	38,341	–	38,341
Travel and travel related services income	–	–	–	–	5,002	5,002
	<u>36,654</u>	<u>21,530</u>	<u>3,480</u>	<u>61,664</u>	<u>5,002</u>	<u>66,666</u>
Segment profit/(loss) before income tax	<u>2,816</u>	<u>2,178</u>	<u>(2,173)</u>	<u>2,821</u>	<u>(344)</u>	2,477
Other net unallocated expenses						(322)
Profit before income tax						2,155
Income tax expense						(1,352)
Profit for the period						<u>803</u>
Other segmental information:						
Interest income	657	–	3	660	7	667
Finance costs	(7)	(247)	–	(254)	(8)	(262)
Depreciation of property, plant and equipment and right-of-use assets	(2,213)	(507)	(77)	(2,797)	(6)	(2,803)
Amortisation of intangible assets	(341)	(19)	–	(360)	(2)	(362)
Net reversal of/(provision for) loss allowance on financial assets	49	(12)	(5)	32	–	32
Share of results of an associate and a joint venture	–	(4)	–	(4)	–	(4)

The Group's turnover and results for the six months ended 30 September 2021, 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						
Sales of newspapers, magazines, books and digital contents	16,084	6,595	845	23,524	–	23,524
Advertising income	17,306	14,513	2,883	34,702	–	34,702
Travel and travel related services income	–	–	–	–	542	542
	<u>33,390</u>	<u>21,108</u>	<u>3,728</u>	<u>58,226</u>	<u>542</u>	<u>58,768</u>
Segment profit/(loss) before income tax	<u>403</u>	<u>917</u>	<u>(501)</u>	<u>819</u>	<u>(631)</u>	188
Other net unallocated expenses						<u>(341)</u>
Loss before income tax						(153)
Income tax expense						<u>(507)</u>
Loss for the period						<u><u>(660)</u></u>
Other segmental information:						
Interest income	501	2	2	505	2	507
Finance costs	(8)	(192)	–	(200)	(16)	(216)
Depreciation of property, plant and equipment and right-of-use assets	(2,400)	(569)	(87)	(3,056)	(8)	(3,064)
Amortisation of intangible assets	(362)	(23)	(3)	(388)	(2)	(390)
Net reversal of/(provision for) loss allowance on financial assets	17	(78)	9	(52)	–	(52)
Share of results of an associate and a joint venture	–	(4)	–	(4)	–	(4)

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	
	2022	2021
	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	23,323	23,524
Travel and travel related services income	258	80
Over time		
Advertising income, net of trade discounts	38,341	34,702
Travel and travel related services income	4,744	462
	66,666	58,768

The segment assets and liabilities as at 30 September 2022 are as follows:

	(Unaudited)						
	Publishing and printing						
	Malaysia	Hong Kong and Taiwan	North America	Sub-total	Travel and travel related services	Elimination	Total
	<i>US\$'000</i>	<i>US\$'000</i>	<i>US\$'000</i>	<i>US\$'000</i>	<i>US\$'000</i>	<i>US\$'000</i>	<i>US\$'000</i>
Segment assets	147,319	42,590	8,734	198,643	11,296	(2,844)	207,095
Unallocated assets							<u>464</u>
Total assets							<u>207,559</u>
Total assets include:							
Investments accounted for using the equity method	-	52	-	52	-	-	52
Additions to non-current assets (other than deferred income tax assets)	<u>148</u>	<u>37</u>	<u>7</u>	<u>192</u>	<u>-</u>	<u>-</u>	<u>192</u>
Segment liabilities	(11,923)	(33,654)	(5,977)	(51,554)	(4,627)	2,844	(53,337)
Unallocated liabilities							<u>(6,838)</u>
Total liabilities							<u>(60,175)</u>

The segment assets and liabilities as at 31 March 2022 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	<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 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, Hong Kong and Taiwan (“Main operating regions”).

As at 30 September 2022 and 31 March 2022, the Group's total non-current assets, other than deferred income tax assets, analysed by operating regions, are as follows:

	(Unaudited) As at 30 September 2022 US\$'000	(Audited) As at 31 March 2022 US\$'000
Main operating regions		
Malaysia	64,782	74,124
Hong Kong and Taiwan	10,853	11,220
Other regions	6,695	6,722
	<u>82,330</u>	<u>92,066</u>

5 OTHER INCOME

	(Unaudited) Six months ended 30 September 2022 US\$'000	2021 US\$'000
Dividend income	26	21
Government grant and subsidies (<i>note</i>)	1,875	2,812
Interest income	667	507
Licence fee and royalty income	54	34
Other media-related income	582	1,282
Rental and management fee income	489	402
Scrap sales of old newspapers and magazines	879	715
Others	6	94
	<u>4,578</u>	<u>5,867</u>

Note: Government grant and subsidies included a grant amounted to US\$81,000 (2021: US\$1,446,000) from a government for supporting the Group's operation of eligible publications and wage subsidies amounted to US\$1,764,000 (2021: US\$1,277,000) from governments in countries/jurisdiction in which the Group operates.

6 OTHER (LOSSES)/GAINS, NET

	(Unaudited)	
	Six months ended 30 September	
	2022	2021
	US\$'000	US\$'000
Fair value (losses)/gains on financial assets at fair value through profit or loss, net	(290)	2
Gain on lease modification	–	93
Net exchange losses	(113)	(3)
	<u>(403)</u>	<u>92</u>

7 OPERATING PROFIT

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

	(Unaudited)	
	Six months ended 30 September	
	2022	2021
	US\$'000	US\$'000
Amortisation of intangible assets	362	390
Depreciation of property, plant and equipment and right-of-use assets	2,803	3,064
Direct costs of travel and travel related services	4,153	387
Distribution expenses	2,201	2,317
Employee benefit expense (including directors' emoluments)	31,670	33,730
Losses/(gains) on disposal of property, plant and equipment, net	11	(3)
Marketing and advertising expenses	1,978	1,177
Provision for impairment and write-off of inventories	111	77
Raw materials and consumables used	9,569	9,011
Utilities expenses	1,017	970
	<u>1,017</u>	<u>970</u>

8 FINANCE COSTS

	(Unaudited)	
	Six months ended 30 September	
	2022	2021
	US\$'000	US\$'000
Interest expense on bank borrowings	252	198
Interest expense on lease liabilities	10	18
	<u>262</u>	<u>216</u>

9 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 2022 (the tax rate for the six months ended 30 September 2021 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 2022 (the tax rate for the six months ended 30 September 2021 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	
	2022	2021
	US\$'000	US\$'000
Hong Kong taxation		
Current period	471	35
Over provision in prior years	(18)	–
Malaysian taxation		
Current period	1,365	744
Other countries' taxation		
Current period	1	–
Under provision in prior years	24	–
Deferred income tax credit	(491)	(272)
	<u>1,352</u>	<u>507</u>

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

	(Unaudited)	
	Six months ended 30 September	
	2022	2021
Profit/(loss) attributable to owners of the Company (<i>US\$'000</i>)	<u>1,044</u>	<u>(511)</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>0.06</u>	<u>(0.03)</u>
Diluted earnings/(loss) per share (<i>US cents</i>)	<u>0.06</u>	<u>(0.03)</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 six months ended 30 September 2022 and 2021.

11 DIVIDENDS

(Unaudited)
Six months ended 30 September
2022 2021
US\$'000 US\$'000

Dividends paid during the period:

Interim, 2021/2022, US0.15 cents (2020/2021: US0.10 cents)
per ordinary share (*note*)

	2,531	1,687
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The Board of Directors does not recommend any distribution of dividend for the six months ended 30 September 2022 (2021/2022: nil).

Note: The tax-exempt interim dividend of US0.15 cents per ordinary share, totaling US\$2,531,000, in respect of the year ended 31 March 2022, was paid on 8 July 2022.

12 TRADE AND OTHER RECEIVABLES

	(Unaudited) As at 30 September 2022 US\$'000	(Audited) As at 31 March 2022 US\$'000
Trade receivables (<i>note</i>)	17,930	17,046
Less: provision for loss allowance of trade receivables	(1,808)	(1,928)
Trade receivables, net	16,122	15,118
Deposits and prepayments	2,695	2,300
Other receivables	1,261	1,376
Less: provision for loss allowance of other receivables	(38)	(47)
	20,040	18,747

As at 30 September 2022 and 31 March 2022, 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 2022 and 31 March 2022, the ageing analysis of the trade receivables based on invoice date is as follows:

	(Unaudited) As at 30 September 2022 US\$'000	(Audited) As at 31 March 2022 US\$'000
1 to 60 days	12,923	9,807
61 to 120 days	2,406	3,536
121 to 180 days	456	776
Over 180 days	2,145	2,927
	17,930	17,046

13 TRADE AND OTHER PAYABLES

	(Unaudited) As at 30 September 2022 <i>US\$'000</i>	(Audited) As at 31 March 2022 <i>US\$'000</i>
Trade payables (<i>note</i>)	5,776	5,195
Accrued charges and other payables	<u>15,248</u>	<u>14,796</u>
	<u><u>21,024</u></u>	<u><u>19,991</u></u>

As at 30 September 2022 and 31 March 2022, the fair values of trade and other payables approximated the carrying amounts.

Note: As at 30 September 2022 and 31 March 2022, the ageing analysis of the trade payables based on invoice date is as follows:

	(Unaudited) As at 30 September 2022 <i>US\$'000</i>	(Audited) As at 31 March 2022 <i>US\$'000</i>
1 to 60 days	5,039	4,842
61 to 120 days	517	127
121 to 180 days	103	34
Over 180 days	<u>117</u>	<u>192</u>
	<u><u>5,776</u></u>	<u><u>5,195</u></u>

14 BANK AND OTHER BORROWINGS

	(Unaudited) As at 30 September 2022 <i>US\$'000</i>	(Audited) As at 31 March 2022 <i>US\$'000</i>
Current		
Bank borrowings (secured)	22,218	22,298
Bank borrowings (unsecured)	<u>324</u>	<u>357</u>
	<u><u>22,542</u></u>	<u><u>22,655</u></u>

MANAGEMENT DISCUSSION AND ANALYSIS

FINANCIAL HIGHLIGHTS

	(Unaudited)		
	Six months ended 30 September		
	2022	2021	
	US\$'000	US\$'000	% Change
Turnover	66,666	58,768	13.4%
Profit/(loss) before income tax	2,155	(153)	1,508.5%
EBITDA	4,919	3,014	63.2%
Basic earnings/(loss) per share (US cents)	0.06	(0.03)	300.0%

OVERALL REVIEW OF OPERATIONS

In 2022, many countries had opened up their borders and started to transition to the endemic phase. This has spurred global economic activities and international travel.

The Group's business in Malaysia has been on a steady recovery during the period since the country's entry into the endemic phase on 1 April 2022. The Hong Kong operation, however, experienced a slower recovery as the city was hit by its fifth COVID-19 wave in early 2022 and strict social distancing measures were only gradually relaxed since late April 2022. The Group's travel segment also started to see a rebound in its business during the period.

The Group achieved a 13.4% increase in its turnover for the six-month period ended 30 September 2022 to US\$66,666,000 from US\$58,768,000 a year ago. The growth was contributed by the increase in the turnover of both the Group's publishing and printing segment and the travel segment. This resulted in the Group achieving a profit before income tax of US\$2,155,000, which was a turnaround from a loss before income tax of US\$153,000 for the same period in the previous year.

The turnover of the Group's publishing and printing segment increased by 5.9% year-on-year to US\$61,664,000 from US\$58,226,000, while the segment's profit before income tax grew to US\$2,821,000 from US\$819,000 in the same period last year.

With the resumption of international travel, the Group's travel segment saw a surge in its turnover to US\$5,002,000 for the period under review from US\$542,000 recorded a year ago. This resulted in the segment reducing its loss before income tax to US\$344,000 from US\$631,000 in the same period last year.

The Group reported an EBITDA of US\$4,919,000 for the six months ended 30 September 2022, reflecting a 63.2% growth compared to the same period a year ago.

Basic earnings per share for the six-month period was US0.06 cents, representing an increase of 300.0% over the basic loss per share of US0.03 cents recorded in the prior year period.

As at 30 September 2022, the Group's cash and cash equivalents and short term bank deposits totalled US\$90,894,000 and the Group's net assets per share attributable to owners of the Company was US8.76 cents.

Publishing and Printing

Malaysia

With the country moving into the endemic phase on 1 April 2022, economic activities in Malaysia has since been on a steady recovery path. The Group's Malaysia operation saw a growth in its business during the period under review, however, at the same time it has to face macro-economic headwinds such as rising interest rates and inflation, as well as change of business environment arising from the country's political uncertainty.

The Malaysia operation managed to weather the headwinds and challenges by diversifying its revenue streams and strengthening its cost efficiencies which helped mitigate the impact of rising newsprint price that affected the operation's profitability.

For the period in review, the Malaysia operation achieved a 9.8% growth in its turnover to US\$36,654,000 from US\$33,390,000 in the prior year period. It reported a profit before income tax of US\$2,816,000 for the period, a significant improvement from the US\$403,000 recorded a year ago.

Content has been at the heart of the Group's success in Malaysia. The Group remains focused on enriching its content offering to meet the changing audience preferences, and creating well-accepted content to expand its offerings across platforms to reach a wide spectrum of audience segments.

To expand its revenue stream, the Malaysia operation has developed a one-stop advertising solution for customers who want to promote their products and services. Customers are offered an array of media options incorporating print, digital, ground events and magazine titles to enhance the effectiveness and efficiency of advertising buys.

Hong Kong and Taiwan

Hong Kong had to struggle with its fifth COVID-19 wave which hit the city in late December 2021. Economic activities only started to pick up in late April 2022 upon the progressive relaxation of social distancing measures. Advertising spending and consumption demand started to recover amid the easing of movement restrictions. However, rising inflationary pressures and the uncertain COVID-19 situation in China prompted businesses to defer new launches and limit their advertising spending.

The Hong Kong and Taiwan operations managed to grow its revenue marginally by 2.0% to US\$21,530,000 for the period in review. The segment's profit before income tax for the period increased by more than twofold to US\$2,178,000 from US\$917,000 a year ago. In addition to the revenue growth, this improvement in result was also due to the subsidies received under the Hong Kong government's 2022 Employment Support Scheme.

This segment's recruitment advertisements section continued to trend up and the Group continued to work on government communication projects such as the HKSAR 25th Anniversary Competitions and the "In Love With Town, Filming From Heart" Youth Photo and Short Video Competition. Ground events such as the bookfair held in July 2022 also contributed positively to this segment's performance.

North America

Canada was hit by a sixth wave of the pandemic in April 2022 which had negatively affected its still weak economy. The country's rising inflation and interest rates during the period under review also had adverse impact on the market's purchasing power and put downward pressure on its housing market.

The subdued economic conditions have adversely impacted the segment's business, in addition to the pressure it was under from the challenges facing the newspaper industry.

The turnover of the Group's publishing and printing operations in North America fell by 6.7% to US\$3,480,000 when compared with US\$3,728,000 recorded in the same period last year. The decline in turnover, together with less government subsidies received in the current period, resulted in the segment's loss before income tax to widen to US\$2,173,000 from US\$501,000 recorded in the prior year period.

Travel and travel related services

The first half of FY2022/2023 has seen some positive momentum in the travel industry compared to the very challenging conditions in the same period last year.

With the opening of borders by many countries which led to an increase in international travel, the turnover of the Group's travel segment increased to US\$5,002,000 for the period in review from US\$542,000 a year ago. The revenue growth helped narrow this segment's loss before income tax by 45.5% to US\$344,000 from US\$631,000 recorded in last year. The improvement in turnover was mainly contributed by the segment's operations in North America which have started to operate both inbound and outbound tours following the relaxation of travel restrictions.

Digital business

During the financial period under review, the Group expanded its digital activities by growing revenue both from the existing business and from new products and revenue streams; and building on its competencies, market position and customer relationships.

The Group has taken a new approach to its marketing strategy by providing a "M-Lab" platform through its Malaysia operation, a one-stop solution to reap gains from integrated marketing and analytics capabilities. This reflected the Group's efforts to broaden the range and scale of data-led revenues, which can deliver stronger yields due to better pricing than that on the open market. This marketing strategy will drive business growth amid the growing trend of advertisers' preference for performance-based marketing and the upcoming removal of third-party cookies.

The Group continues to build up the registered reader base for its websites and Apps. By doing this, it expects to reach a wide spectrum of readers which will allow the Group to expand its data capabilities and create a critical mass of audience for advertisers.

Going forward, the Group will continue to monetise the content and other digital products it offers and uses its media assets and audiences to drive the future development of its digital businesses.

OUTLOOK

With the easing of social distancing rules and the opening of borders by many countries in 2022, global economy has started to recover and international trade and travels have been picking up. However, the continuing geopolitical tensions have impacted supply chains and increased logistics costs. This, coupled with rising inflation and weakening of currencies in many countries, may dampen the global economy's recovery.

Nevertheless, barring any unforeseen circumstances, the Group expects that the economy in the Group's core markets will likely to continue to improve in the second half of the financial year 2022/2023. With Hong Kong relaxing its quarantine rules which will be conducive to the Group's tour and travel business; and Malaysia holding its 15th general election in the last quarter of 2022 which will likely ramp up the market's advertising spending, the Group anticipates that business in these markets will benefit from these market opportunities in the coming quarters. At the same time, the Group will remain vigilant in monitoring its costs whilst intensifying its efforts to roll out more curated content and multi-platform advertisement solutions.

PLEDGE OF ASSETS

As at 30 September 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\$4,297,000 at 30 September 2022 (At 31 March 2022: US\$4,430,000) and assignment of rental income derived therefrom; and
- (b) corporate guarantees issued by the Company.

As at 30 September 2022, the Group had no short-term bank deposits pledged (At 31 March 2022: short-term bank deposits of US\$131,000 were pledged to a bank for a bank guarantee issued).

CONTINGENT LIABILITIES

As at 30 September 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 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 2022, the Group's authorised capital expenditure for property, plant and equipment contracted but not provided for in this interim financial information amounted to US\$133,000 (At 31 March 2022: US\$21,000).

The Group's authorised capital expenditure for intangible assets contracted but not provided for in this interim financial information amounted to US\$161,000 (At 31 March 2022: US\$468,000).

LIQUIDITY, FINANCIAL RESOURCES AND NET GEARING RATIO

As at 30 September 2022, the Group's cash and cash equivalents and short-term bank deposits amounted to US\$90,894,000 (31 March 2022: US\$95,279,000) and total bank and other borrowings were US\$22,542,000 (31 March 2022: US\$22,655,000). The net cash position was US\$68,352,000 (31 March 2022: US\$72,624,000). Owners' equity was US\$147,872,000 (31 March 2022: US\$162,474,000).

The net gearing ratio of the Group, calculated as net debt over owners' equity, was nil as at 30 September 2022 and 31 March 2022.

EMPLOYEES AND EMOLUMENT POLICY

As at 30 September 2022, the Group had 2,795 employees (31 March 2022: 2,877 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 2022, 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 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 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; and (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. On 1 July 2022, the Company has also complied with the recommendation that requires a former partner of the external audit firm of the Company to 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 period under review.

REVIEW OF INTERIM FINANCIAL INFORMATION

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

28 November 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.