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MEDIA CHINESE INTERNATIONAL LIMITED

世界華文媒體有限公司

(Incorporated in Bermuda with limited liability)

(Malaysia Company No. 995098-A)

(Hong Kong Stock Code: 685)

(Malaysia Stock Code: 5090)

ANNOUNCEMENT

FINANCIAL REPORT FOR THE FIRST QUARTER ENDED 30 JUNE 2017

Pursuant to Paragraph 9.22 of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad (“Bursa Securities”), Media Chinese International Limited (the “Company”), a public company listed on the main market of Bursa Securities, announced the unaudited condensed consolidated results of the Company and its subsidiaries (collectively the “Group”) for the quarter ended 30 June 2017 to Bursa Securities on 29 August 2017.

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

29 August 2017

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

MEDIA CHINESE INTERNATIONAL LIMITED
(Incorporated in Bermuda with limited liability) (Malaysia Company No. 995098-A)
Financial report for the first quarter ended 30 June 2017

CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS

	(Unaudited) Three months ended 30 June		(Unaudited) Three months ended 30 June	
	2017 US\$'000	2016 US\$'000	2017 RM'000 <i>(Note)</i>	2016 RM'000 <i>(Note)</i>
Turnover	73,768	82,786	316,760	355,483
Cost of goods sold	<u>(49,680)</u>	<u>(52,674)</u>	<u>(213,326)</u>	<u>(226,182)</u>
Gross profit	24,088	30,112	103,434	129,301
Other income	1,854	2,305	7,961	9,898
Other gains/(losses), net	40	(84)	172	(361)
Selling and distribution expenses	(12,625)	(14,122)	(54,212)	(60,640)
Administrative expenses	(7,658)	(8,204)	(32,883)	(35,228)
Other operating expenses	<u>(1,221)</u>	<u>(1,403)</u>	<u>(5,243)</u>	<u>(6,024)</u>
Operating profit	4,478	8,604	19,229	36,946
Finance costs	(639)	(1,318)	(2,744)	(5,659)
Share of results of joint ventures and associates	<u>47</u>	<u>153</u>	<u>202</u>	<u>656</u>
Profit before income tax	3,886	7,439	16,687	31,943
Income tax expense	<u>(1,806)</u>	<u>(2,572)</u>	<u>(7,755)</u>	<u>(11,044)</u>
Profit for the quarter	<u>2,080</u>	<u>4,867</u>	<u>8,932</u>	<u>20,899</u>
Profit / (loss) attributable to:				
Owners of the Company	2,348	5,024	10,082	21,573
Non-controlling interests	<u>(268)</u>	<u>(157)</u>	<u>(1,150)</u>	<u>(674)</u>
	<u>2,080</u>	<u>4,867</u>	<u>8,932</u>	<u>20,899</u>
Earnings per share attributable to owners of the Company				
Basic (US cents/sen) #	0.14	0.30	0.60	1.29
Diluted (US cents/sen) #	<u>0.14</u>	<u>0.30</u>	<u>0.60</u>	<u>1.29</u>

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

Note: The presentation currency of this unaudited financial information is United States Dollar ("US\$"). Supplementary information in Malaysian Ringgit ("RM") for the quarter ended 30 June 2017 with comparatives is shown for reference only and has been made at the same exchange rate of US\$1 to RM4.2940 ruling at 30 June 2017. This translation should not be construed as a representation that the US\$ amounts actually represented have been, or could be, converted into RM at this or any other rate.

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CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

	(Unaudited) Three months ended 30 June		(Unaudited) Three months ended 30 June	
	2017 US\$'000	2016 US\$'000	2017 RM'000 (Note)	2016 RM'000 (Note)
Profit for the quarter	2,080	4,867	8,932	20,899
Other comprehensive income / (loss)				
Item that may be reclassified subsequently to profit or loss:				
Currency translation differences	<u>4,580</u>	<u>(5,151)</u>	<u>19,666</u>	<u>(22,119)</u>
Other comprehensive income/(loss) for the quarter, net of tax	<u>4,580</u>	<u>(5,151)</u>	<u>19,666</u>	<u>(22,119)</u>
Total comprehensive income/(loss) for the quarter	<u>6,660</u>	<u>(284)</u>	<u>28,598</u>	<u>(1,220)</u>
Total comprehensive income / (loss) for the quarter attributable to:				
Owners of the Company	6,924	(101)	29,731	(434)
Non-controlling interests	<u>(264)</u>	<u>(183)</u>	<u>(1,133)</u>	<u>(786)</u>
	<u>6,660</u>	<u>(284)</u>	<u>28,598</u>	<u>(1,220)</u>

Note: The presentation currency of this unaudited financial information is US\$. Supplementary information in RM for the quarter ended 30 June 2017 with comparatives is shown for reference only and has been made at the same exchange rate of US\$1 to RM4.2940 ruling at 30 June 2017. This translation should not be construed as a representation that the US\$ amounts actually represented have been, or could be, converted into RM at this or any other rate.

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CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

	As at 30 June 2017 US\$'000 (Unaudited)	As at 31 March 2017 US\$'000 (Audited)	As at 30 June 2017 RM'000 (Unaudited) (Note)	As at 31 March 2017 RM'000 (Unaudited) (Note)
ASSETS				
Non-current assets				
Property, plant and equipment	96,660	96,266	415,058	413,366
Investment properties	14,922	14,587	64,075	62,637
Intangible assets	44,325	43,231	190,332	185,634
Deferred income tax assets	235	226	1,009	970
Investments accounted for using the equity method	775	731	3,328	3,139
Other non-current financial assets	116	-	498	-
	<u>157,033</u>	<u>155,041</u>	<u>674,300</u>	<u>665,746</u>
Current assets				
Inventories	21,115	19,918	90,667	85,528
Available-for-sale financial assets	97	97	417	417
Financial assets at fair value through profit or loss	342	346	1,469	1,486
Trade and other receivables	43,146	41,239	185,269	177,080
Income tax recoverable	1,342	2,133	5,763	9,159
Short-term bank deposits	12,451	10,086	53,465	43,309
Cash and cash equivalents	92,212	79,946	395,958	343,288
	<u>170,705</u>	<u>153,765</u>	<u>733,008</u>	<u>660,267</u>
Current liabilities				
Trade and other payables	56,980	46,634	244,672	200,245
Dividend payable	6,074	-	26,082	-
Income tax liabilities	1,478	1,644	6,347	7,059
Bank and other borrowings	3,098	2,506	13,303	10,761
Current portion of other non-current liabilities	26	26	112	112
	<u>67,656</u>	<u>50,810</u>	<u>290,516</u>	<u>218,177</u>
Net current assets	<u>103,049</u>	<u>102,955</u>	<u>442,492</u>	<u>442,090</u>
Total assets less current liabilities	<u>260,082</u>	<u>257,996</u>	<u>1,116,792</u>	<u>1,107,836</u>
EQUITY				
Equity attributable to owners of the Company				
Share capital	21,715	21,715	93,244	93,244
Share premium	54,664	54,664	234,727	234,727
Other reserves	(121,690)	(126,266)	(522,537)	(542,186)
Retained earnings	240,014	243,581	1,030,621	1,045,938
	<u>194,703</u>	<u>193,694</u>	<u>836,055</u>	<u>831,723</u>
Non-controlling interests	<u>2,928</u>	<u>3,621</u>	<u>12,574</u>	<u>15,549</u>
Total equity	<u>197,631</u>	<u>197,315</u>	<u>848,629</u>	<u>847,272</u>
Non-current liabilities				
Bank and other borrowings	52,399	50,870	225,000	218,435
Deferred income tax liabilities	8,799	8,622	37,783	37,023
Other non-current liabilities	1,253	1,189	5,380	5,106
	<u>62,451</u>	<u>60,681</u>	<u>268,163</u>	<u>260,564</u>
	<u>260,082</u>	<u>257,996</u>	<u>1,116,792</u>	<u>1,107,836</u>
Net assets per share attributable to owners of the Company (US cents/sen)	<u>11.54</u>	<u>11.48</u>	<u>49.55</u>	<u>49.30</u>

Note: The presentation currency of this unaudited financial information is US\$. Supplementary information in RM as at 30 June 2017 with comparatives is shown for reference only and has been made at the same exchange rate of US\$1 to RM4.2940 ruling at 30 June 2017. This translation should not be construed as a representation that the US\$ amounts actually represented have been, or could be, converted into RM at this or any other rate.

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CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

	(Unaudited)						
	Attributable to owners of the Company					Non- controlling interests	Total equity
	Share capital US\$'000	Share premium US\$'000	Other reserves US\$'000	Retained earnings US\$'000	Total US\$'000		
At 1 April 2016	21,715	54,664	(107,715)	244,360	213,024	5,703	218,727
Comprehensive income / (loss)							
Profit / (loss) for the period	-	-	-	5,024	5,024	(157)	4,867
Other comprehensive loss							
Item that may be reclassified subsequently to profit or loss:							
Currency translation differences	-	-	(5,125)	-	(5,125)	(26)	(5,151)
Other comprehensive loss, net of tax	-	-	(5,125)	-	(5,125)	(26)	(5,151)
Total comprehensive (loss) / income for the period ended 30 June 2016	-	-	(5,125)	5,024	(101)	(183)	(284)
Total transactions with owners, recognised directly in equity							
2015/2016 second interim dividend proposed	-	-	-	(10,123)	(10,123)	-	(10,123)
	-	-	-	(10,123)	(10,123)	-	(10,123)
At 30 June 2016	21,715	54,664	(112,840)	239,261	202,800	5,520	208,320
At 1 April 2017	21,715	54,664	(126,266)	243,581	193,694	3,621	197,315
Comprehensive income / (loss)							
Profit / (loss) for the period	-	-	-	2,348	2,348	(268)	2,080
Other comprehensive income							
Item that may be reclassified subsequently to profit or loss:							
Currency translation differences	-	-	4,576	-	4,576	4	4,580
Other comprehensive income, net of tax	-	-	4,576	-	4,576	4	4,580
Total comprehensive income / (loss) for the period ended 30 June 2017	-	-	4,576	2,348	6,924	(264)	6,660
Total transactions with owners, recognised directly in equity							
2016/2017 second interim dividend proposed	-	-	-	(6,074)	(6,074)	-	(6,074)
Change in ownership interest in an unlisted subsidiary without change of control	-	-	-	159	159	(429)	(270)
	-	-	-	(5,915)	(5,915)	(429)	(6,344)
At 30 June 2017	21,715	54,664	(121,690)	240,014	194,703	2,928	197,631

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CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY (Continued)

	(Unaudited)						
	Attributable to owners of the Company					Non- controlling interests	Total equity
	Share capital RM'000 (Note)	Share premium RM'000 (Note)	Other reserves RM'000 (Note)	Retained earnings RM'000 (Note)	Total RM'000 (Note)		
At 1 April 2016	93,244	234,727	(462,528)	1,049,282	914,725	24,489	939,214
Comprehensive income / (loss)							
Profit / (loss) for the period	-	-	-	21,573	21,573	(674)	20,899
Other comprehensive loss							
Item that may be reclassified subsequently to profit or loss:							
Currency translation differences	-	-	(22,007)	-	(22,007)	(112)	(22,119)
Other comprehensive loss, net of tax	-	-	(22,007)	-	(22,007)	(112)	(22,119)
Total comprehensive (loss) / income for the period ended 30 June 2016	-	-	(22,007)	21,573	(434)	(786)	(1,220)
Total transactions with owners, recognised directly in equity							
2015/2016 second interim dividend proposed	-	-	-	(43,468)	(43,468)	-	(43,468)
	-	-	-	(43,468)	(43,468)	-	(43,468)
At 30 June 2016	93,244	234,727	(484,535)	1,027,387	870,823	23,703	894,526
At 1 April 2017	93,244	234,727	(542,186)	1,045,938	831,723	15,549	847,272
Comprehensive income / (loss)							
Profit / (loss) for the period	-	-	-	10,082	10,082	(1,150)	8,932
Other comprehensive income							
Item that may be reclassified subsequently to profit or loss:							
Currency translation differences	-	-	19,649	-	19,649	17	19,666
Other comprehensive income, net of tax	-	-	19,649	-	19,649	17	19,666
Total comprehensive income / (loss) for the period ended 30 June 2017	-	-	19,649	10,082	29,731	(1,133)	28,598
Total transactions with owners, recognised directly in equity							
2016/2017 second interim dividend proposed	-	-	-	(26,082)	(26,082)	-	(26,082)
Change in ownership interest in an unlisted subsidiary without change of control	-	-	-	683	683	(1,842)	(1,159)
	-	-	-	(25,399)	(25,399)	(1,842)	(27,241)
At 30 June 2017	93,244	234,727	(522,537)	1,030,621	836,055	12,574	848,629

Note: The presentation currency of this unaudited financial information is US\$. Supplementary information in RM for the three months ended 30 June 2017 with comparatives is shown for reference only and has been made at the same exchange rate of US\$1 to RM4.2940 ruling at 30 June 2017. This translation should not be construed as a representation that the US\$ amounts actually represented have been, or could be, converted into RM at this or any other rate.

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CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

	(Unaudited) Three months ended 30 June		(Unaudited) Three months ended 30 June	
	2017 US\$'000	2016 US\$'000	2017 RM'000 <i>(Note)</i>	2016 RM'000 <i>(Note)</i>
Cash flows from operating activities				
Cash generated from operations	13,437	15,324	57,698	65,801
Interest paid	(17)	(6)	(73)	(26)
Income tax paid	(1,211)	(2,463)	(5,200)	(10,576)
Net cash generated from operating activities	12,209	12,855	52,425	55,199
Cash flows from investing activities				
Purchases of property, plant and equipment	(109)	(478)	(468)	(2,052)
Purchases of intangible assets	(69)	(264)	(296)	(1,134)
Purchases of other non-current financial assets	(115)	-	(494)	-
Proceeds from disposal of property, plant and equipment	7	30	30	129
Increase in short-term bank deposits with original maturity over three months	(2,365)	-	(10,156)	-
Interest received	527	880	2,263	3,779
Dividends received	11	137	48	588
Net cash (used in) / generated from investing activities	(2,113)	305	(9,073)	1,310
Cash flows from financing activities				
Acquisition of additional interest in an unlisted subsidiary	(270)	-	(1,159)	-
Proceeds from bank and other borrowings	964	2,160	4,139	9,275
Repayments of bank and other borrowings	(394)	(1,062)	(1,692)	(4,560)
Net cash generated from financing activities	300	1,098	1,288	4,715
Net increase in cash and cash equivalents	10,396	14,258	44,640	61,224
Cash and cash equivalents at beginning of period	79,946	140,950	343,288	605,239
Exchange adjustments on cash and cash equivalents	1,870	(3,317)	8,030	(14,243)
Cash and cash equivalents at end of period	92,212	151,891	395,958	652,220

Note: The presentation currency of this unaudited financial information is US\$. Supplementary information in RM for the three months ended 30 June 2017 with comparatives is shown for reference only and has been made at the same exchange rate of US\$1 to RM4.2940 ruling at 30 June 2017. This translation should not be construed as a representation that the US\$ amounts actually represented have been, or could be, converted into RM at this or any other rate.

A. NOTES TO THE FINANCIAL INFORMATION

A1. Basis of preparation and changes in accounting policies

a) Basis of preparation

This condensed consolidated financial information of the Company and its subsidiaries (collectively the “Group”) for the quarter ended 30 June 2017 (“this financial information”) has been prepared in accordance with International Accounting Standard 34 “Interim Financial Reporting” issued by the International Accounting Standard Board, Rule 13.09(2)(a) of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (“HK Listing Rules”) and paragraph 9.22 of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad (“Bursa Listing Requirements”).

This financial information should be read in conjunction with the annual financial statements for the year ended 31 March 2017 which were prepared in accordance with International Financial Reporting Standards.

This financial information has not been audited.

b) Accounting policies

The accounting policies adopted for preparing this financial information are consistent with those set out in the consolidated financial statements of the Company for the year ended 31 March 2017 as included in the Company’s annual report for the year ended 31 March 2017.

There are no amended standards or interpretations that are effective for the first time for this interim period that is expected to have a material impact on the Group.

Taxes on income in the three months ended 30 June 2017 are accrued using the tax rate that would be applicable to expected total annual earnings.

The Group has not early adopted other new or revised standards and amendments to standards that have been issued but are not yet effective for the accounting period beginning 1 April 2017. The Group is in the process of making an assessment of the impact of these new or revised standards and amendments to standards on the Group’s results and financial position in the period of initial application.

c) 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 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 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\$.

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A. NOTES TO THE FINANCIAL INFORMATION (Continued)

A2. Auditor's report on preceding annual financial statements

The auditor's report of the Group's annual financial statements for the year ended 31 March 2017 was not subject to any qualification.

A3. Seasonal or cyclical factors

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

A4. Unusual items

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

A5. Changes in estimates

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

A6. Changes in debt and equity securities

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

A7. Dividends paid

There was no dividend paid during the current quarter.

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A. NOTES TO THE FINANCIAL INFORMATION (Continued)

A8. Turnover and segment information

The Group has determined the operating segments based on the reports that are reviewed and used by the Group Executive Committee for making strategic decisions.

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, Taiwan and Mainland China

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 provision for advertising services and sales of newspapers and magazines. Travel and travel related services segment derives revenue from the sales of travel packages and provision of tour services.

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

The Group's turnover and results for the quarter ended 30 June 2017, analysed by operating segment, are as follows:

	(Unaudited)					
	Three months ended 30 June 2017					
	Publishing and printing					
	Malaysia and other Southeast Asian countries US\$'000	Hong Kong, Taiwan and Mainland China US\$'000	North America US\$'000	Sub-total US\$'000	Travel and travel related services US\$'000	Total US\$'000
Turnover	33,847	12,798	3,930	50,575	23,193	73,768
Segment profit / (loss) before income tax	4,523	(968)	(491)	3,064	1,567	4,631
Unallocated finance costs						(622)
Other net unallocated expenses						(170)
Share of results of joint ventures and associates						47
Profit before income tax						3,886
Income tax expense						(1,806)
Profit for the quarter						2,080
Other information:						
Interest income	511	8	1	520	7	527
Finance costs	(9)	(8)	-	(17)	-	(17)
Depreciation of property, plant and equipment	(1,588)	(329)	(77)	(1,994)	(27)	(2,021)
Amortisation of intangible assets	(180)	(50)	(4)	(234)	(9)	(243)
Income tax expense	(1,276)	(109)	-	(1,385)	(421)	(1,806)

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A. NOTES TO THE FINANCIAL INFORMATION (Continued)

A8. Turnover and segment information (Continued)

	(Unaudited)					
	Three months ended 30 June 2016					
	<u>Publishing and printing</u>					
	Malaysia and other Southeast Asian countries US\$'000	Hong Kong, Taiwan and Mainland China US\$'000	North America US\$'000	Sub-total US\$'000	Travel and travel related services US\$'000	Total US\$'000
Turnover	44,126	13,558	4,465	62,149	20,637	82,786
Segment profit / (loss) before income tax	9,010	(1,240)	(290)	7,480	1,278	8,758
Unallocated finance costs						(1,312)
Other net unallocated expenses						(160)
Share of results of joint ventures and associates						153
Profit before income tax						7,439
Income tax expense						(2,572)
Profit for the quarter						<u>4,867</u>
Other information:						
Interest income	845	25	7	877	3	880
Finance costs	(3)	(3)	-	(6)	-	(6)
Depreciation of property, plant and equipment	(1,793)	(378)	(90)	(2,261)	(31)	(2,292)
Amortisation of intangible assets	(204)	(56)	(3)	(263)	(10)	(273)
Income tax (expense) / credit	(2,299)	18	76	(2,205)	(367)	(2,572)

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A. NOTES TO THE FINANCIAL INFORMATION (Continued)

A8. Turnover and segment information (Continued)

The segment assets and liabilities as at 30 June 2017 are as follows:

	(Unaudited)						
	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, Taiwan and Mainland China US\$'000	North America US\$'000	Sub-total US\$'000			
Segment assets	244,134	43,204	12,835	300,173	26,012	(574)	325,611
Unallocated assets							<u>2,127</u>
Total assets							<u>327,738</u>
Total assets include:							
Investments accounted for using the equity method	-	775	-	775	-	-	775
Additions to non-current assets (other than deferred income tax assets)	263	22	8	293	-	-	293
Segment liabilities	(20,181)	(14,583)	(6,876)	(41,640)	(17,658)	574	(58,724)
Unallocated liabilities							<u>(71,383)</u>
Total liabilities							<u>(130,107)</u>

The segment assets and liabilities as at 31 March 2017 are as follows:

	(Audited)						
	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, Taiwan and Mainland China US\$'000	North America US\$'000	Sub-total US\$'000			
Segment assets	231,116	44,068	13,256	288,440	17,586	(150)	305,876
Unallocated assets							<u>2,930</u>
Total assets							<u>308,806</u>
Total assets include:							
Investments accounted for using the equity method	-	731	-	731	-	-	731
Additions to non-current assets (other than deferred income tax assets)	825	901	92	1,818	52	-	1,870
Segment liabilities	(16,363)	(14,480)	(6,678)	(37,521)	(11,054)	150	(48,425)
Unallocated liabilities							<u>(63,066)</u>
Total liabilities							<u>(111,491)</u>

A. NOTES TO THE FINANCIAL INFORMATION (Continued)

A8. Turnover and segment information (Continued)

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

Segment assets consist primarily of property, plant and equipment, investment properties, intangible assets, investments accounted for using the equity method, other non-current financial assets, inventories, trade and other receivables, short-term bank deposits, and cash and cash equivalents. They exclude deferred income tax assets, available-for-sale financial assets, financial assets at fair value through profit or loss and income tax recoverable of the Group and all assets of the Company after elimination of the interests in subsidiaries.

Segment liabilities consist primarily of trade and other payables, retirement benefit obligations, defined benefit plan liabilities and short-term bank borrowings. They exclude deferred income tax liabilities and income tax liabilities of the Group and all liabilities of the Company after elimination of the amounts due to the subsidiaries.

A9. Valuation of property, plant and equipment

There was no revaluation of the Group's property, plant and equipment during the quarter ended 30 June 2017.

A10. Subsequent material events

There were no subsequent material events of the Group.

A11. Changes in the composition of the Group

There were no material changes in the composition of the Group during the quarter under review.

A12. Capital commitments

Capital commitments outstanding as at 30 June 2017 are as follows:

	(Unaudited)
	US\$'000
Property, plant and equipment :	
Authorised and contracted for	184
Authorised but not contracted for	318
	502

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A. NOTES TO THE FINANCIAL INFORMATION (Continued)

A13. Related party transactions

	(Unaudited)	
	Three months ended	
	30 June	
	2017	2016
	US\$'000	US\$'000
Newsprint purchases from a related company (<i>note 1</i>)	4,665	1,350
Rental expenses paid to related companies (<i>note 1</i>)	22	21
Provision of engineering professional services by a related company (<i>note 1</i>)	11	-
Purchases of honey from a related company (<i>note 1</i>)	1	-
Provision of broadband internet services by a related company (<i>note 1</i>)	1	-
Motor vehicle insurance premiums paid to a related company (<i>note 1</i>)	1	-
Scrap sales of old newspapers and magazines to a related company (<i>note 1</i>)	(367)	(370)
Provision of accounting service to an associate	(39)	(38)
Provision of air tickets and accommodation arrangement services to related companies (<i>note 1</i>)	(16)	(11)
Advertising income received from related companies (<i>note 1</i>)	(5)	-
Provision of accounting and administrative services to related companies (<i>note 1</i>)	(4)	(4)
Air tickets (returned to)/purchased from a related company (<i>note 1</i>)	(3)	7
Rental income received from a related company (<i>note 1</i>)	(2)	(1)
Commission received from a related company (<i>note 1</i>)	(1)	-
Content providing income received from a joint venture	-	(1)

Notes:

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

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

B1. Analysis of performance

	(Unaudited) Three months ended 30 June		
	2017 US\$'000	2016 US\$'000	% change
Turnover	73,768	82,786	-10.9%
Profit before income tax	3,886	7,439	-47.8%
EBITDA	6,262	10,442	-40.0%

The Group's turnover for the quarter ended 30 June 2017 was US\$73,768,000, a decrease of 10.9% or US\$9,018,000 from US\$82,786,000 in the corresponding quarter last year. The decrease was mainly due to lower revenue from the publishing and printing segment, partially offset by an increase in revenue from the travel segment.

Profit before income tax fell 47.8% or US\$3,553,000 from US\$7,439,000 in the year-ago quarter to US\$3,886,000 in the current quarter. This was mainly attributed to lower profit contribution from the publishing and printing segment resulted from the decline in revenue, the impact of which was partly cushioned by improved results from the travel segment and savings from the Group's continued costs control efforts as well as lower finance costs following the partial redemption of the medium-term notes in February 2017.

During the quarter under review, both the Malaysian Ringgit ("RM") and the Canadian dollar ("CAD") weakened against the US dollar which resulted in negative currency impacts on the Group's operating results for the quarter. If currency impact was excluded, the decreases in the Group's turnover and profit before income tax would have been about 7.1% and 42.5% respectively.

EBITDA for the quarter was down by 40.0% year-on-year, from US\$10,442,000 to US\$6,262,000. The decrease would have been about 34.8% if currency impact was excluded.

Turnover of the Group's publishing and printing segment amounted to US\$50,575,000 for the first quarter of 2017/2018, representing a decrease of 18.6% or US\$11,574,000 from US\$62,149,000 in the same quarter a year ago. The segment registered a profit before income tax of US\$3,064,000, down 59.0% or US\$4,416,000 from US\$7,480,000 in the corresponding quarter last year.

The Malaysian operations recorded a total turnover of US\$33,847,000, reflecting a decline of 23.3% from the prior year quarter. The segment's performance was impacted by the significant decline in advertising revenue which was attributable to the persistently weak consumer sentiment, softening advertising expenditure and the structural shift to digital media. Nevertheless, the 17.0% reduction in operating expenses, contributed mainly by lower raw material costs and labour costs, partially cushioned the revenue shortfall. The Malaysian segment registered a profit before income tax of US\$4,523,000, a decrease of 49.8% from US\$9,010,000 achieved a year ago. The decreases in turnover and profit before income tax would have been about 17.1% and 45.4% respectively if currency impact was excluded.

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

B1. Analysis of performance (Continued)

Turnover for the Hong Kong, Taiwan and Mainland China segment amounted to US\$12,798,000, reflecting a decrease of 5.6% or US\$760,000 from US\$13,558,000 in the prior year quarter. The segment's performance was affected by the continued shift of advertising expenditure from the traditional to digital media and the still-soft consumer sentiment in the luxury products sector. Total advertising expenditure on newspapers and magazines in Hong Kong fell 6.2% and 31.1% year-on-year respectively, whereas interactive and mobile platforms registered a 39.9% growth. Despite the decline in revenue, the segment's loss before income tax for the quarter narrowed to US\$968,000 from US\$1,240,000 a year earlier. This was mainly attributed to higher contributions from the segment's digital and educational textbooks businesses as well as effective cost savings.

Against a background of slow economic growth and intensified competition from the digital media, turnover of the Group's North America segment dropped 12.0% year-on-year to US\$3,930,000. Segment loss before income tax increased to US\$491,000 from US\$290,000 in the same quarter a year ago.

Turnover of the Group's travel segment registered an increase of 12.4% or US\$2,556,000 for the quarter under review to US\$23,193,000 from US\$20,637,000 in the corresponding quarter last year. The improvement was mainly attributable to the increase in demand for tours to destinations in Scandinavia, Eastern Europe, Australia and New Zealand. Driven by the increase in revenue, the travel segment reported a profit before income tax of US\$1,567,000 for the quarter, an increase of 22.6% or US\$289,000 from US\$1,278,000 in the year-ago quarter.

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

B2. Variation of results against immediate preceding quarter

	(Unaudited) Three months ended 30 June 2017 US\$'000	(Unaudited) Three months ended 31 March 2017 US\$'000	% change
Turnover	73,768	62,394	18.2%
Operating profit before provision for impairment of goodwill	3,886	4,518	-14.0%
Provision for impairment of goodwill	-	(3,603)	100.0%
Profit/(loss) before income tax	3,886	(36)	10,894.4%

Compared to the immediate preceding quarter, the Group's turnover for the current quarter increased by 18.2% or US\$11,374,000 to US\$73,768,000. The increase was mainly contributed by higher revenue from the travel segment. However, the decline in revenue and hence profit contribution from the publishing and printing segment resulted in a 14.0% decrease in the Group's operating profit before provision for impairment loss of goodwill and income tax to US\$3,886,000 from US\$4,518,000 in the immediate preceding quarter.

B3. Current year prospects

The print media industry in Malaysia is anticipated to remain challenging for the year. Consumer confidence has been dampened by the weak business conditions and soft market sentiments, which in turn is expected to have an adverse impact on the advertising and promotion budgets of advertisers.

The media market in Hong Kong is expected to show some improvement in the coming quarter driven mainly by the various events in commemoration of the 20th anniversary of the establishment of the HKSAR in July 2017 and the initiatives to be taken by the new government. The slowly recovering inbound tourism and retail sales are also expected to benefit the local economy and businesses.

Moving forward, the Group will remain focused on its print business while continuing to accelerate the growth of its digital business and to broaden its revenue stream through cross-platform advertising initiatives. At the same time, the Group will continue its cost optimisation efforts and manpower rationalisation in order to improve profitability.

B4. Profit forecast and profit guarantee

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

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

B5. Profit before income tax

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

	(Unaudited)	
	Three months ended	
	30 June	
	2017	2016
	US\$'000	US\$'000
Provision for impairment and write-off of trade and other receivables	(79)	(31)
Provision for impairment and write-off of inventories	(44)	(41)
Exchange gains / (losses) - net	42	(95)

Save as disclosed above and in A8, the other items as required under Part A(16) of Appendix 9B of the Bursa Listing Requirements are not applicable.

B6. Income tax expense

Income tax expense comprises the following:

	(Unaudited)	
	Three months ended	
	30 June	
	2017	2016
	US\$'000	US\$'000
Current period income tax expense	1,812	2,520
Deferred income tax (credit) / expense	(6)	52
	<u>1,806</u>	<u>2,572</u>

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

B7. Status of corporate proposals

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

Reference is made to the announcements of the Company dated 1 August 2016 (the "First Announcement") and 1 March 2017 (the "Subsequent Announcement"), the Board of Directors announced that on 22 July 2016, Comwell Investment Limited ("Comwell", as vendor), a wholly-owned subsidiary of the Company, the Company (as guarantor) and Qingdao West Coast Holdings (Internation) Limited ("Qingdao West Coast", as purchaser) entered into a share transfer agreement (the "Share Transfer Agreement"), pursuant to which Comwell conditionally agreed to sell and Qingdao West Coast conditionally agreed to purchase 292,700,000 shares in One Media Group Limited ("One Media"), representing approximately 73.01% of the entire issued share capital of One Media (the "Proposed Disposal"). Qingdao West Coast is a company incorporated in the British Virgin Islands, whose ultimate controlling shareholder is Qingdao West Coast Development (Group) Limited, which is a PRC state-owned enterprise. Completion of the Share Transfer Agreement is conditional upon the fulfilment (or, as appropriate, waiver by the Qingdao West Coast) of the conditions precedent stipulated in the Share Transfer Agreement, which amongst others, include certain agreements ("CP Agreements") becoming executed and unconditional. As stated in the Subsequent Announcement, the Company announced that on 28 February 2017, all the terms of the CP Agreements have been finalised.

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

B7. Status of corporate proposals (Continued)

Reference is also made to the announcement of the Company dated 30 June 2017 (the "Extension Announcement"), the Board of Directors announced that on 30 June 2017, Comwell and Qingdao West Coast entered into a fifth supplemental agreement which further extended the long stop date of the Share Transfer Agreement to 31 August 2017. For details, please refer to the First Announcement, the Subsequent Announcement and the Extension Announcement.

The Proposed Disposal has no material impact on the Group's consolidated financial information for the period ended 30 June 2017.

B8. Group borrowings

The Group's borrowings as at 30 June 2017 are as follows:

	Secured US\$'000	(Unaudited) Unsecured US\$'000	Total US\$'000
Current			
Short-term bank borrowings	1,782	1,316	3,098
Non-current			
Medium-term notes	-	52,399	52,399
	<u>1,782</u>	<u>53,715</u>	<u>55,497</u>

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

	(Unaudited) US\$'000
Malaysian Ringgit	53,715
United States dollars	501
Hong Kong dollars	1,281
	<u>55,497</u>

The net gearing ratio of the Group, calculated as net debt over owners' equity, was nil as at 30 June 2017 and 31 March 2017.

B9. Material litigation

As at 30 June 2017, 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 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 upon the Group's financial position.

B10. Dividend payable

The tax-exempt second interim dividend of US0.360 cents per ordinary share totalling US\$6,074,000 in respect of the year ended 31 March 2017 was paid on 10 July 2017.

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

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

B11. Earnings per share attributable to owners of the Company

	(Unaudited) Three months ended 30 June	
	2017	2016
Profit attributable to owners of the Company (US\$'000)	2,348	5,024
Weighted average number of ordinary shares in issue	<u>1,687,236,241</u>	<u>1,687,236,241</u>
Basic earnings per share (US cents)	<u>0.14</u>	<u>0.30</u>
Diluted earnings per share (US cents)	<u>0.14</u>	<u>0.30</u>

The diluted earnings per share is the same as the basic earnings per share as there were no dilutive potential shares in issue during the quarters ended 30 June 2017 and 2016.

B12. Disclosure of realised and unrealised retained profits

The following analysis of realised and unrealised retained profits is prepared in accordance with the Guidance on Special Matter No.1 "Determination of Realised and Unrealised Profits or Losses in the Context of Disclosure Pursuant to Bursa Securities Listing Requirements", as issued by the Malaysian Institute of Accountants and based on the prescribed format by Bursa Securities.

	(Unaudited) As at 30 June 2017 US\$'000	(Audited) As at 31 March 2017 US\$'000
Total retained profits of the Company and its subsidiaries:		
- Realised	274,604	272,018
- Unrealised	<u>(6,296)</u>	<u>(6,258)</u>
	268,308	265,760
Total share of accumulated losses of joint ventures and associates:		
- Realised	(821)	(868)
Less : consolidation adjustments	<u>(27,473)</u>	<u>(21,311)</u>
Group's retained profits as per condensed consolidated statement of financial position	<u>240,014</u>	<u>243,581</u>

The disclosure of realised and unrealised retained profits above is solely for complying with the disclosure requirements stipulated in the directive of Bursa Securities and should not be applied for any other purposes.

On behalf of the Board
Media Chinese International Limited

Law Yuk Kuen
Tong Siew Kheng
Joint Company Secretaries
29 August 2017