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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 THIRD QUARTER ENDED 31 DECEMBER 2016

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”) and the Group’s interests in joint ventures and associates for the quarter ended 31 December 2016 to Bursa Securities on 27 February 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).

27 February 2017

As at the date of this announcement, the Board comprises Tan Sri Datuk Sir TIONG Hiew King, Dato’ Sri Dr TIONG Ik King, Mr TIONG Kiew Chiong, Mr NG Chek Yong and Mr LEONG Chew Meng, being executive directors; Ms TIONG Choon, being non-executive director; and Mr David YU Hon To, 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 third quarter ended 31 December 2016

CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS

	(Unaudited) Three months ended 31 December		(Unaudited) Three months ended 31 December	
	2016 US\$'000	2015 US\$'000	2016 RM'000 <i>(Note)</i>	2015 RM'000 <i>(Note)</i>
Turnover	71,941	80,947	322,727	363,128
Cost of goods sold	<u>(43,102)</u>	<u>(47,741)</u>	<u>(193,356)</u>	<u>(214,166)</u>
Gross profit	28,839	33,206	129,371	148,962
Other income	2,192	2,349	9,833	10,538
Other losses, net	(922)	(78)	(4,136)	(350)
Selling and distribution expenses	(14,040)	(14,570)	(62,983)	(65,361)
Administrative expenses	(7,344)	(7,777)	(32,945)	(34,888)
Other operating expenses	<u>(1,344)</u>	<u>(1,387)</u>	<u>(6,029)</u>	<u>(6,222)</u>
Operating profit	7,381	11,743	33,111	52,679
Finance costs	(1,234)	(1,248)	(5,536)	(5,599)
Share of profits of joint ventures and associates	121	18	543	81
Profit before income tax	6,268	10,513	28,118	47,161
Income tax expense	<u>(2,070)</u>	<u>(2,926)</u>	<u>(9,286)</u>	<u>(13,126)</u>
Profit for the quarter	<u>4,198</u>	<u>7,587</u>	<u>18,832</u>	<u>34,035</u>
Profit attributable to:				
Owners of the Company	4,159	7,442	18,657	33,385
Non-controlling interests	<u>39</u>	<u>145</u>	<u>175</u>	<u>650</u>
	<u>4,198</u>	<u>7,587</u>	<u>18,832</u>	<u>34,035</u>
Earnings per share attributable to owners of the Company				
Basic (US cents/sen) #	0.25	0.44	1.12	1.97
Diluted (US cents/sen) #	<u>0.25</u>	<u>0.44</u>	<u>1.12</u>	<u>1.97</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 31 December 2016 with comparatives is shown for reference only and has been made at the same exchange rate of US\$1 to RM4.4860 ruling at 31 December 2016. 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 31 December		(Unaudited) Three months ended 31 December	
	2016 US\$'000	2015 US\$'000	2016 RM'000 <i>(Note)</i>	2015 RM'000 <i>(Note)</i>
Profit for the quarter	4,198	7,587	18,832	34,035
Other comprehensive (loss) / income				
Item that may be reclassified subsequently to profit or loss:				
Currency translation differences	<u>(11,309)</u>	<u>3,714</u>	<u>(50,732)</u>	<u>16,661</u>
Other comprehensive (loss) / income for the quarter, net of tax	<u>(11,309)</u>	<u>3,714</u>	<u>(50,732)</u>	<u>16,661</u>
Total comprehensive (loss) / income for the quarter	<u>(7,111)</u>	<u>11,301</u>	<u>(31,900)</u>	<u>50,696</u>
Total comprehensive (loss) / income for the quarter attributable to:				
Owners of the Company	<u>(7,106)</u>	<u>11,166</u>	<u>(31,878)</u>	<u>50,090</u>
Non-controlling interests	<u>(5)</u>	<u>135</u>	<u>(22)</u>	<u>606</u>
	<u>(7,111)</u>	<u>11,301</u>	<u>(31,900)</u>	<u>50,696</u>

Note: The presentation currency of this unaudited financial information is US\$. Supplementary information in RM for the quarter ended 31 December 2016 with comparatives is shown for reference only and has been made at the same exchange rate of US\$1 to RM4.4860 ruling at 31 December 2016. 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 PROFIT OR LOSS

	(Unaudited) Nine months ended 31 December		(Unaudited) Nine months ended 31 December	
	2016 US\$'000	2015 US\$'000	2016 RM'000 (Note)	2015 RM'000 (Note)
Turnover	240,192	278,227	1,077,501	1,248,126
Cost of goods sold	<u>(151,708)</u>	<u>(172,897)</u>	<u>(680,562)</u>	<u>(775,616)</u>
Gross profit	88,484	105,330	396,939	472,510
Other income	6,626	6,522	29,724	29,258
Other losses, net	(1,024)	(256)	(4,594)	(1,148)
Selling and distribution expenses	(42,583)	(44,097)	(191,027)	(197,819)
Administrative expenses	(23,107)	(24,900)	(103,658)	(111,701)
Other operating expenses	<u>(4,159)</u>	<u>(4,467)</u>	<u>(18,657)</u>	<u>(20,039)</u>
Operating profit	24,237	38,132	108,727	171,061
Finance costs	(3,858)	(4,071)	(17,307)	(18,263)
Share of profits of joint ventures and associates	<u>432</u>	<u>23</u>	<u>1,938</u>	<u>103</u>
Profit before income tax	20,811	34,084	93,358	152,901
Income tax expense	<u>(6,744)</u>	<u>(10,125)</u>	<u>(30,253)</u>	<u>(45,421)</u>
Profit for the period	<u>14,067</u>	<u>23,959</u>	<u>63,105</u>	<u>107,480</u>
Profit / (loss) attributable to:				
Owners of the Company	14,328	23,895	64,276	107,193
Non-controlling interests	<u>(261)</u>	<u>64</u>	<u>(1,171)</u>	<u>287</u>
	<u>14,067</u>	<u>23,959</u>	<u>63,105</u>	<u>107,480</u>
Earnings per share attributable to owners of the Company				
Basic (US cents/sen) #	0.85	1.42	3.81	6.37
Diluted (US cents/sen) #	<u>0.85</u>	<u>1.42</u>	<u>3.81</u>	<u>6.37</u>

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

Note: The presentation currency of this unaudited financial information is US\$. Supplementary information in RM for the nine months ended 31 December 2016 with comparatives is shown for reference only and has been made at the same exchange rate of US\$1 to RM4.4860 ruling at 31 December 2016. 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) Nine months ended 31 December		(Unaudited) Nine months ended 31 December	
	2016 US\$'000	2015 US\$'000	2016 RM'000 <i>(Note)</i>	2015 RM'000 <i>(Note)</i>
Profit for the period	14,067	23,959	63,105	107,480
Other comprehensive loss				
Item that may be reclassified subsequently to profit or loss:				
Currency translation differences	<u>(20,361)</u>	<u>(21,193)</u>	<u>(91,340)</u>	<u>(95,071)</u>
Other comprehensive loss for the period, net of tax	<u>(20,361)</u>	<u>(21,193)</u>	<u>(91,340)</u>	<u>(95,071)</u>
Total comprehensive (loss) / income for the period	<u>(6,294)</u>	<u>2,766</u>	<u>(28,235)</u>	<u>12,409</u>
Total comprehensive (loss) / income for the period attributable to:				
Owners of the Company	<u>(5,957)</u>	<u>2,783</u>	<u>(26,723)</u>	<u>12,485</u>
Non-controlling interests	<u>(337)</u>	<u>(17)</u>	<u>(1,512)</u>	<u>(76)</u>
	<u>(6,294)</u>	<u>2,766</u>	<u>(28,235)</u>	<u>12,409</u>

Note: The presentation currency of this unaudited financial information is US\$. Supplementary information in RM for the nine months ended 31 December 2016 with comparatives is shown for reference only and has been made at the same exchange rate of US\$1 to RM4.4860 ruling at 31 December 2016. 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 31 December 2016 US\$'000 (Unaudited)	As at 31 March 2016 US\$'000 (Audited)	As at 31 December 2016 RM'000 (Unaudited) (Note)	As at 31 March 2016 RM'000 (Unaudited) (Note)
ASSETS				
Non-current assets				
Property, plant and equipment	97,104	114,596	435,609	514,078
Investment properties	13,878	15,451	62,257	69,313
Intangible assets	46,337	53,516	207,868	240,073
Deferred income tax assets	531	300	2,382	1,346
Interests in joint ventures and associates	730	749	3,275	3,360
	158,580	184,612	711,391	828,170
Current assets				
Inventories	22,261	23,869	99,863	107,076
Available-for-sale financial assets	97	97	435	435
Financial assets at fair value through profit or loss	328	340	1,471	1,525
Trade and other receivables	45,925	51,669	206,020	231,787
Income tax recoverable	1,334	1,403	5,984	6,294
Cash and cash equivalents	133,379	140,950	598,338	632,302
	203,324	218,328	912,111	979,419
Current liabilities				
Trade and other payables	51,702	53,131	231,935	238,346
Income tax liabilities	3,206	3,871	14,382	17,365
Bank and other borrowings	50,740	58,453	227,620	262,220
Current portion of other non-current liabilities	72	83	323	372
	105,720	115,538	474,260	518,303
Net current assets	97,604	102,790	437,851	461,116
Total assets less current liabilities	256,184	287,402	1,149,242	1,289,286
EQUITY				
Equity attributable to owners of the Company				
Share capital	21,715	21,715	97,413	97,413
Share premium	54,664	54,664	245,223	245,223
Other reserves	(128,000)	(107,715)	(574,208)	(483,209)
Retained earnings	242,491	244,360	1,087,815	1,096,199
	190,870	213,024	856,243	955,626
Non-controlling interests	5,357	5,703	24,031	25,583
Total equity	196,227	218,727	880,274	981,209
Non-current liabilities				
Bank and other borrowings	50,156	57,663	225,000	258,677
Deferred income tax liabilities	8,680	9,981	38,939	44,775
Other non-current liabilities	1,121	1,031	5,029	4,625
	59,957	68,675	268,968	308,077
	256,184	287,402	1,149,242	1,289,286
Net assets per share attributable to owners of the Company (US cents/sen)	11.31	12.63	50.74	56.66

Note: The presentation currency of this unaudited financial information is US\$. Supplementary information in RM as at 31 December 2016 with comparatives is shown for reference only and has been made at the same exchange rate of US\$1 to RM4.4860 ruling at 31 December 2016. 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	Share premium	Other reserves	Retained earnings	Total		
US\$'000	US\$'000	US\$'000	US\$'000	US\$'000	US\$'000	US\$'000	
At 1 April 2015	21,715	54,664	(100,761)	234,126	209,744	6,361	216,105
Comprehensive income							
Profit for the period	-	-	-	23,895	23,895	64	23,959
Other comprehensive loss							
Item that may be reclassified subsequently to profit or loss:							
Currency translation differences	-	-	(21,112)	-	(21,112)	(81)	(21,193)
Other comprehensive loss, net of tax	-	-	(21,112)	-	(21,112)	(81)	(21,193)
Total comprehensive (loss) / income for the nine months ended 31 December 2015	-	-	(21,112)	23,895	2,783	(17)	2,766
Total contributions by and distributions to owners of the Company recognised directly in equity							
2014/2015 second interim dividend paid	-	-	-	(8,436)	(8,436)	-	(8,436)
2015/2016 first interim dividend paid	-	-	-	(8,436)	(8,436)	-	(8,436)
Total contributions by and distributions to owners of the Company	-	-	-	(16,872)	(16,872)	-	(16,872)
Issue of shares under the share option scheme of a listed subsidiary	-	-	61	-	61	78	139
2014/2015 interim dividend paid by an unlisted subsidiary	-	-	-	-	-	(8)	(8)
2014/2015 final dividend paid by a listed subsidiary	-	-	-	-	-	(140)	(140)
2015/2016 interim dividend paid by an unlisted subsidiary	-	-	-	-	-	(4)	(4)
Total transactions with owners	-	-	61	(16,872)	(16,811)	(74)	(16,885)
At 31 December 2015	21,715	54,664	(121,812)	241,149	195,716	6,270	201,986

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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 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	-	-	-	14,328	14,328	(261)	14,067
Other comprehensive loss							
Item that may be reclassified subsequently to profit or loss:							
Currency translation differences	-	-	(20,285)	-	(20,285)	(76)	(20,361)
Other comprehensive loss, net of tax	-	-	(20,285)	-	(20,285)	(76)	(20,361)
Total comprehensive (loss) / income for the nine months ended 31 December 2016	-	-	(20,285)	14,328	(5,957)	(337)	(6,294)
Total contributions by and distributions to owners of the Company recognised directly in equity							
2015/2016 second interim dividend paid	-	-	-	(10,123)	(10,123)	-	(10,123)
2016/2017 first interim dividend paid	-	-	-	(6,074)	(6,074)	-	(6,074)
Total contributions by and distributions to owners of the Company	-	-	-	(16,197)	(16,197)	-	(16,197)
2015/2016 interim dividend paid by an unlisted subsidiary	-	-	-	-	-	(5)	(5)
2016/2017 interim dividends paid by an unlisted subsidiary	-	-	-	-	-	(4)	(4)
Total transactions with owners	-	-	-	(16,197)	(16,197)	(9)	(16,206)
At 31 December 2016	21,715	54,664	(128,000)	242,491	190,870	5,357	196,227

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CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY (Continued)

	(Unaudited)						
	Attributable to owners of the Company						
	Share capital	Share premium	Other reserves	Retained earnings	Total	Non- controlling interests	Total equity
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
	<i>(Note)</i>	<i>(Note)</i>	<i>(Note)</i>	<i>(Note)</i>	<i>(Note)</i>	<i>(Note)</i>	<i>(Note)</i>
At 1 April 2015	97,413	245,223	(452,014)	1,050,290	940,912	28,535	969,447
Comprehensive income							
Profit for the period	-	-	-	107,193	107,193	287	107,480
Other comprehensive loss							
Item that may be reclassified subsequently to profit or loss:							
Currency translation differences	-	-	(94,708)	-	(94,708)	(363)	(95,071)
Other comprehensive loss, net of tax	-	-	(94,708)	-	(94,708)	(363)	(95,071)
Total comprehensive (loss) / income for the nine months ended 31 December 2015	-	-	(94,708)	107,193	12,485	(76)	12,409
Total contributions by and distributions to owners of the Company recognised directly in equity							
2014/2015 second interim dividend paid	-	-	-	(37,844)	(37,844)	-	(37,844)
2015/2016 first interim dividend paid	-	-	-	(37,844)	(37,844)	-	(37,844)
Total contributions by and distributions to owners of the Company	-	-	-	(75,688)	(75,688)	-	(75,688)
Issue of shares under the share option scheme of a listed subsidiary	-	-	274	-	274	350	624
2014/2015 interim dividend paid by an unlisted subsidiary	-	-	-	-	-	(36)	(36)
2014/2015 final dividend paid by a listed subsidiary	-	-	-	-	-	(628)	(628)
2015/2016 interim dividend paid by an unlisted subsidiary	-	-	-	-	-	(18)	(18)
Total transactions with owners	-	-	274	(75,688)	(75,414)	(332)	(75,746)
At 31 December 2015	97,413	245,223	(546,448)	1,081,795	877,983	28,127	906,110

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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 <i>(Note)</i>	Share premium RM'000 <i>(Note)</i>	Other reserves RM'000 <i>(Note)</i>	Retained earnings RM'000 <i>(Note)</i>	Total RM'000 <i>(Note)</i>		
At 1 April 2016	97,413	245,223	(483,209)	1,096,199	955,626	25,583	981,209
Comprehensive income / (loss)							
Profit / (loss) for the period	-	-	-	64,276	64,276	(1,171)	63,105
Other comprehensive loss							
Item that may be reclassified subsequently to profit or loss:							
Currency translation differences	-	-	(90,999)	-	(90,999)	(341)	(91,340)
Other comprehensive loss, net of tax	-	-	(90,999)	-	(90,999)	(341)	(91,340)
Total comprehensive (loss) / income for the nine months ended 31 December 2016	-	-	(90,999)	64,276	(26,723)	(1,512)	(28,235)
Total contributions by and distributions to owners of the Company recognised directly in equity							
2015/2016 second interim dividend paid	-	-	-	(45,412)	(45,412)	-	(45,412)
2016/2017 first interim dividend paid	-	-	-	(27,248)	(27,248)	-	(27,248)
Total contributions by and distributions to owners of the Company	-	-	-	(72,660)	(72,660)	-	(72,660)
2015/2016 interim dividend paid by an unlisted subsidiary	-	-	-	-	-	(22)	(22)
2016/2017 interim dividends paid by an unlisted subsidiary	-	-	-	-	-	(18)	(18)
Total transactions with owners	-	-	-	(72,660)	(72,660)	(40)	(72,700)
At 31 December 2016	97,413	245,223	(574,208)	1,087,815	856,243	24,031	880,274

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CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

	(Unaudited)		(Unaudited)	
	Nine months ended		Nine months ended	
	31 December		31 December	
	2016	2015	2016	2015
	US\$'000	US\$'000	RM'000	RM'000
			<i>(Note)</i>	<i>(Note)</i>
Cash flows from operating activities				
Cash generated from operations	30,786	61,399	138,106	275,436
Interest paid	(2,633)	(2,559)	(11,812)	(11,480)
Income tax paid	(7,705)	(8,020)	(34,565)	(35,978)
Net cash generated from operating activities	<u>20,448</u>	<u>50,820</u>	<u>91,729</u>	<u>227,978</u>
Cash flows from investing activities				
Purchases of property, plant and equipment	(1,157)	(2,065)	(5,190)	(9,264)
Purchases of intangible assets	(372)	(472)	(1,669)	(2,117)
Proceeds from disposal of property, plant and equipment	36	33	161	148
Interest received	2,545	2,051	11,417	9,201
Dividends received	466	141	2,090	633
Net cash generated from / (used in) investing activities	<u>1,518</u>	<u>(312)</u>	<u>6,809</u>	<u>(1,399)</u>
Cash flows from financing activities				
Proceeds from issue of shares under the share option scheme of a listed subsidiary	-	139	-	624
Dividends paid	(16,197)	(16,872)	(72,660)	(75,688)
Dividends paid to non-controlling interests by an unlisted subsidiary	(9)	(12)	(40)	(54)
Dividend paid to non-controlling interests by a listed subsidiary	-	(140)	-	(628)
Proceeds from bank and other borrowings	3,330	1,706	14,939	7,653
Repayments of bank and other borrowings	(3,506)	(10,959)	(15,728)	(49,162)
Net cash used in financing activities	<u>(16,382)</u>	<u>(26,138)</u>	<u>(73,489)</u>	<u>(117,255)</u>
Net increase in cash and cash equivalents	5,584	24,370	25,049	109,324
Cash and cash equivalents at beginning of period	140,950	118,620	632,302	532,129
Exchange adjustments on cash and cash equivalents	(13,155)	(11,314)	(59,013)	(50,755)
Cash and cash equivalents at end of period	<u>133,379</u>	<u>131,676</u>	<u>598,338</u>	<u>590,698</u>

Note: The presentation currency of this unaudited financial information is US\$. Supplementary information in RM for the nine months ended 31 December 2016 with comparatives is shown for reference only and has been made at the same exchange rate of US\$1 to RM4.4860 ruling at 31 December 2016. 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 and nine months ended 31 December 2016 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 2016, 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 Group for the year ended 31 March 2016 as included in the Company’s annual report for the year ended 31 March 2016.

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 and nine months ended 31 December 2016 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 2016. 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\$.

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 2016 was not subject to any qualification.

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A. NOTES TO THE FINANCIAL INFORMATION (Continued)

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

The second interim dividend of US0.600 cents per ordinary share totalling US\$10,123,000 in respect of the year ended 31 March 2016 was paid on 13 July 2016.

The first interim dividend of US0.360 cents per ordinary share totalling US\$6,074,000 in respect of the year ending 31 March 2017 was paid on 30 December 2016.

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 advertising 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.

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A. NOTES TO THE FINANCIAL INFORMATION (Continued)

A8. Turnover and segment information (Continued)

The Group's turnover and results for the quarter ended 31 December 2016, analysed by operating segment, are as follows:

	(Unaudited)					
	Three months ended 31 December 2016					
	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	40,221	14,592	4,370	59,183	12,758	71,941
Segment profit / (loss) before income tax	8,114	190	(272)	8,032	(178)	7,854
Unallocated interest expense						(1,231)
Other net unallocated expenses						(476)
Share of profits of joint ventures and associates						121
Profit before income tax						6,268
Income tax expense						(2,070)
Profit for the quarter						4,198
Other information:						
Interest income	778	28	2	808	5	813
Interest expense	(3)	-	-	(3)	-	(3)
Depreciation of property, plant and equipment	(1,640)	(350)	(80)	(2,070)	(32)	(2,102)
Amortisation of intangible assets	(187)	(54)	(4)	(245)	(9)	(254)
Income tax (expense) / credit	(1,964)	(203)	38	(2,129)	59	(2,070)

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A. NOTES TO THE FINANCIAL INFORMATION (Continued)

A8. Turnover and segment information (Continued)

	(Unaudited)					
	Three months ended 31 December 2015					
	Publishing and printing					
	Malaysia and other Southeast Asian countries US\$'000	Hong Kong and Mainland China US\$'000	North America US\$'000	Sub-total US\$'000	Travel and travel related services US\$'000	Total US\$'000
Turnover	44,713	17,020	4,795	66,528	14,419	80,947
Segment profit / (loss) before income tax	10,871	1,079	(223)	11,727	165	11,892
Unallocated interest expense						(1,242)
Other net unallocated expenses						(155)
Share of profits of joint ventures and associates						18
Profit before income tax						10,513
Income tax expense						(2,926)
Profit for the quarter						<u>7,587</u>
Other information:						
Interest income	722	34	-	756	9	765
Interest expense	(6)	-	-	(6)	-	(6)
Depreciation of property, plant and equipment	(1,719)	(381)	(90)	(2,190)	(31)	(2,221)
Amortisation of intangible assets	(203)	(40)	(6)	(249)	(11)	(260)
Income tax (expense) / credit	(2,782)	(287)	176	(2,893)	(33)	(2,926)

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A. NOTES TO THE FINANCIAL INFORMATION (Continued)

A8. Turnover and segment information (Continued)

The Group's turnover and results for the nine months ended 31 December 2016, analysed by operating segment, are as follows:

	(Unaudited)					Total US\$'000
	Nine months ended 31 December 2016					
	Publishing and printing				Travel and travel related services 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		
Turnover	125,994	42,007	13,207	181,208	58,984	240,192
Segment profit / (loss) before income tax	24,323	(837)	(1,038)	22,448	2,602	25,050
Unallocated interest expense						(3,842)
Other net unallocated expenses						(829)
Share of profits of joint ventures and associates						432
Profit before income tax						20,811
Income tax expense						(6,744)
Profit for the period						14,067
Other information:						
Interest income	2,444	75	11	2,530	15	2,545
Interest expense	(9)	(7)	-	(16)	-	(16)
Depreciation of property, plant and equipment	(5,195)	(1,096)	(258)	(6,549)	(96)	(6,645)
Amortisation of intangible assets	(590)	(165)	(11)	(766)	(29)	(795)
Income tax (expense) / credit	(6,079)	(273)	234	(6,118)	(626)	(6,744)

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A. NOTES TO THE FINANCIAL INFORMATION (Continued)

A8. Turnover and segment information (Continued)

	(Unaudited)					
	Nine months ended 31 December 2015					
	Publishing and printing					
	Malaysia and other Southeast Asian countries US\$'000	Hong Kong and Mainland China US\$'000	North America US\$'000	Sub-total US\$'000	Travel and travel related services US\$'000	Total US\$'000
Turnover	142,682	48,090	14,593	205,365	72,862	278,227
Segment profit / (loss) before income tax	31,977	1,415	(977)	32,415	6,185	38,600
Unallocated interest expense						(3,996)
Other net unallocated expenses						(543)
Share of profits of joint ventures and associates						23
Profit before income tax						34,084
Income tax expense						(10,125)
Profit for the period						23,959
Other information:						
Interest income	1,902	134	-	2,036	15	2,051
Interest expense	(49)	(26)	-	(75)	-	(75)
Depreciation of property, plant and equipment	(5,471)	(1,150)	(283)	(6,904)	(93)	(6,997)
Amortisation of intangible assets	(656)	(123)	(16)	(795)	(34)	(829)
Income tax (expense) / credit	(8,243)	(667)	252	(8,658)	(1,467)	(10,125)

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A. NOTES TO THE FINANCIAL INFORMATION (Continued)

A8. Turnover and segment information (Continued)

The segment assets and liabilities as at 31 December 2016 are as follows:

	(Unaudited)						Total US\$'000
	Publishing and printing				Travel and travel related services US\$'000	Elimination 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	269,976	58,574	13,189	341,739	16,873	(192)	358,420
Unallocated assets							3,484
Total assets							<u>361,904</u>
Total assets include:							
Interests in joint ventures and associates	-	730	-	730	-	-	730
Additions to non-current assets (other than deferred income tax assets)	711	785	80	1,576	50	-	1,626
Segment liabilities	(20,705)	(13,756)	(6,560)	(41,021)	(8,370)	192	(49,199)
Unallocated liabilities							(116,478)
Total liabilities							<u>(165,677)</u>

The segment assets and liabilities as at 31 March 2016 are as follows:

	(Audited)						Total US\$'000
	Publishing and printing				Travel and travel related services US\$'000	Elimination 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	309,346	60,419	14,197	383,962	16,877	(167)	400,672
Unallocated assets							2,268
Total assets							<u>402,940</u>
Total assets include:							
Interests in joint ventures and associates	-	749	-	749	-	-	749
Additions to non-current assets (other than deferred income tax assets)	2,065	1,075	103	3,243	69	-	3,312
Segment liabilities	(20,901)	(16,255)	(6,690)	(43,846)	(8,968)	167	(52,647)
Unallocated liabilities							(131,566)
Total liabilities							<u>(184,213)</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, interests in joint ventures and associates, inventories, trade and other receivables, 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.

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.

A9. Valuation of property, plant and equipment

There was no revaluation of the Group's property, plant and equipment during the quarter ended 31 December 2016.

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 31 December 2016 are as follows:

	(Unaudited) US\$'000
Property, plant and equipment :	
Authorised and contracted for	168
Authorised but not contracted for	701
	869

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A. NOTES TO THE FINANCIAL INFORMATION (Continued)

A13. Related party transactions

	(Unaudited)		(Unaudited)	
	Three months ended		Nine months ended	
	31 December		31 December	
	2016	2015	2016	2015
	US\$'000	US\$'000	US\$'000	US\$'000
Newsprint purchases from a related company (<i>note 1</i>)	3,118	3,628	7,456	11,247
Purchases of honey from a related company (<i>note 1</i>)	40	-	40	-
Purchase of a motor vehicle from a related company (<i>note 1</i>)	25	-	25	-
Rental expenses paid to related companies (<i>note 1</i>)	21	19	65	59
Purchases of air tickets from a related company (<i>note 1</i>)	10	4	25	22
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>)	(338)	(366)	(1,052)	(1,187)
Provision of accounting service to an associate	(24)	(22)	(88)	(60)
Provision of air tickets and accommodation arrangement services to related companies (<i>note 1</i>)	(13)	(8)	(31)	(35)
Provision of accounting and administrative services to related companies (<i>note 1</i>)	(4)	(4)	(12)	(8)
Advertising income received from related companies (<i>note 1</i>)	(3)	(21)	(3)	(21)
Rental income received from a related company (<i>note 1</i>)	(1)	-	(3)	-
Content providing income received from a joint venture	-	(3)	(1)	(63)

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 31 December		(Unaudited) Nine months ended 31 December	
	2016 US\$'000	2015 US\$'000	2016 US\$'000	2015 US\$'000
Turnover	71,941	80,947	240,192	278,227
Profit before income tax	6,268	10,513	20,811	34,084
EBITDA	9,045	13,477	29,564	43,930

During the third quarter of 2016/2017, the challenging and difficult business conditions in its main markets continued to weigh on the Group's performance. The publishing and printing segment has been affected by the decline in the markets' advertising spending as businesses have been reducing or deferring their advertising expenditure in view of the unfavourable business environment. The travel segment also faced headwinds arising from increased flight capacity and intensified competition in the market as well as the decline in demand for European tours amid security concerns.

The Group's total turnover amounted to US\$71,941,000 for the third quarter ended 31 December 2016, down by 11.1% or US\$9,006,000 from US\$80,947,000 in the corresponding quarter last year. Profit before income tax was US\$6,268,000, reflecting a year-on-year decrease of 40.4% or US\$4,245,000. If currency impact was excluded, the decline in turnover and profit before income tax would have been about 10.6% and 39.4% respectively.

EBITDA for the third quarter was US\$9,045,000, a decrease of 32.9% from US\$13,477,000 in the year-ago quarter.

During the third quarter of 2016/2017, the Group's publishing and printing segment recorded an 11.0% decline in turnover to US\$59,183,000, while the segment profit before income tax decreased by 31.5% to US\$8,032,000. The decreases would have been about 10.5% and 30.6% respectively if currency impact was excluded.

The Group's Malaysian operations were adversely impacted by the country's subdued consumer spending, shrinking advertising revenue as many businesses slashed their advertising expenditures in view of the continuing slack demand as well as a depreciating Malaysian Ringgit ("RM"). The segment reported turnover and profit before income tax for the current quarter of US\$40,221,000 and US\$8,114,000, reflecting decreases of 10.0% and 25.4% respectively from the prior year quarter.

The performance of the publishing and printing segment in Hong Kong, Taiwan and Mainland China was also adversely affected by the markets' diminishing advertising spending especially for the magazines, as advertisers reduced their marketing campaigns amid weak consumer sentiment. The segment's turnover fell 14.3% to US\$14,592,000 from US\$17,020,000 in the corresponding quarter in 2015, while the segment registered a profit before income tax of US\$190,000, a decrease of 82.4% or US\$889,000 from the prior year quarter.

The North America publishing and printing segment continued to be affected by the region's slow economy growth. Furthermore, new tightening policies on the Canadian real estate market rolled out during the current financial year have substantially hampered investors' sentiments and deterred the market's spend on advertising. The segment reported a year-on-year decline in turnover of 8.9% to US\$4,370,000 from US\$4,795,000 in the same quarter last year. The third-quarter segment loss widened slightly to US\$272,000 from US\$223,000 in the prior year quarter.

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

B1. Analysis of performance (Continued)

Performance of the Group's travel and travel related services segment has been adversely affected by weak consumer spending, reduced demand for European tours amid security concerns as well as competitive peer pressure. The segment registered a turnover of US\$12,758,000, reflecting an 11.5% decrease, while the segment recorded a loss of US\$178,000 as against a profit before income tax of US\$165,000 in the prior-year quarter.

On a positive note, the Group's digital business reported a double-digit growth in revenue which was attributed to the Group's consistent endeavor to expand its footprint in the digital market through various platforms including the main websites for the Group's newspapers - *Sin Chew Daily*, *China Press*, *Nanyang Siang Pau*, *Guang Ming Daily* and *Ming Pao Daily News*, a number of mobile websites and apps, an online mobile video portal "Pocketimes" and an e-commerce marketplace "Logon". The Group will continue to allocate resources to its digital business in order to draw more audience and to capitalize on the trend that more advertisers are shifting their marketing campaigns to digital and mobile channels.

For the nine months ended 31 December 2016, the Group's turnover and profit before income tax were US\$240,192,000 and US\$20,811,000, representing decreases of 13.7% and 38.9% respectively as against the performance of the corresponding period a year ago. If currency impact was excluded, the declines would have been about 11.9% and 36.3% respectively.

Both RM and Canadian dollar ("C\$") weakened against the US\$ during the quarter and the nine months ended 31 December 2016. The currency impact was not significant for the third quarter and for the nine-month period, there were negative currency impacts on the Group's turnover and profit before income tax of approximately US\$4,879,000 and US\$902,000 respectively.

B2. Variation of results against immediate preceding quarter

	(Unaudited) Three months ended 31 December 2016 US\$'000	(Unaudited) Three months ended 30 September 2016 US\$'000	% change
Turnover	71,941	85,465	-15.8%
Profit before income tax	6,268	7,104	-11.8%

The Group's turnover and profit before income tax were US\$71,941,000 and US\$6,268,000 for the quarter under review, reflecting decreases of 15.8% and 11.8% respectively from those reported in the immediate preceding quarter. The declines were mainly due to lower revenue and profit contribution from the tour segment as the second quarter is a traditional peak period for travel.

B3. Current year prospects

As for the last quarter of 2016/2017, the Board remains conservative on the prospect of the overall business environment in view of the uncertainty in global economic conditions and the persistent softness in the advertising markets. The fourth quarter is a traditional low season for the Group's advertising business and this cyclical trend is expected to be more pronounced this year under the prevailing challenging market conditions. However, the Group will work towards securing new businesses, optimizing operational efficiency and enforcing a strict cost control regime for all its operations. The Group will also continue to leverage on its growing digital business and to enlarge its digital user base in order to generate additional revenue sources.

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

B4. Profit forecast and profit guarantee

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

B5. Profit before income tax

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

	(Unaudited) Three months ended 31 December		(Unaudited) Nine months ended 31 December	
	2016 US\$'000	2015 US\$'000	2016 US\$'000	2015 US\$'000
Allowance for impairment and write-off of trade and other receivables	(382)	(90)	(573)	(366)
(Allowance for impairment and write-off of) / reversal of allowance for inventories	(31)	(40)	(112)	13
Exchange losses - net	(323)	(98)	(423)	(287)
Exchange loss on derivative - net	(593)	-	(589)	-

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 31 December		(Unaudited) Nine months ended 31 December	
	2016 US\$'000	2015 US\$'000	2016 US\$'000	2015 US\$'000
Current period income tax expense	2,012	2,849	7,318	10,296
Under / (over) provision of income tax expense in prior years	47	(62)	50	(145)
Deferred income tax expense / (credit)	11	139	(624)	(26)
	<u>2,070</u>	<u>2,926</u>	<u>6,744</u>	<u>10,125</u>

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

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

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 announcement of the Company dated 1 August 2016 (the "First 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 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. 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. For details, please refer to the First Announcement.

Reference is also made to the announcement of the Company dated 24 January 2017 (the "Extension Announcement"), the Board of Directors announced that on 24 January 2017, Comwell and Qingdao West Coast entered into a third supplemental agreement which further extended the long stop date of the share transfer agreement to 29 March 2017. For details, please refer to the Extension Announcement.

B8. Group borrowings

The Group's borrowings as at 31 December 2016 are as follows:

	Secured	(Unaudited) Unsecured	Total
	US\$'000	US\$'000	US\$'000
Current			
Medium-term notes	-	50,156	50,156
Short-term bank borrowings	131	453	584
Non-current			
Medium-term notes	-	50,156	50,156
	<u>131</u>	<u>100,765</u>	<u>100,896</u>

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

	(Unaudited) US\$'000
Malaysian Ringgit	100,457
United States dollars	439
	<u>100,896</u>

The net gearing ratio of the Group, calculated as net debt over owners' equity, was nil as at 31 December 2016 and 31 March 2016.

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

B9. Material litigation

As at 31 December 2016, 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 Board of Directors does not recommend any distribution of dividend for the current quarter under review.

B11. Earnings per share attributable to owners of the Company

	(Unaudited) Three months ended 31 December		(Unaudited) Nine months ended 31 December	
	2016	2015	2016	2015
Profit attributable to owners of the Company (US\$'000)	<u>4,159</u>	7,442	<u>14,328</u>	23,895
Weighted average number of ordinary shares in issue	<u>1,687,236,241</u>	1,687,236,241	<u>1,687,236,241</u>	1,687,236,779
Basic earnings per share (US cents)	<u>0.25</u>	0.44	<u>0.85</u>	1.42
Diluted earnings per share (US cents)	<u>0.25</u>	0.44	<u>0.85</u>	1.42

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 and nine months ended 31 December 2016 and 2015.

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

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 Malaysia Securities Berhad ("Bursa Securities").

	(Unaudited)	(Audited)
	As at	As at
	31 December	31 March
	2016	2016
	US\$'000	US\$'000
Total retained profits of the Company and its subsidiaries:		
- Realised	268,204	271,806
- Unrealised	(7,223)	(8,903)
	<u>260,981</u>	<u>262,903</u>
Total share of accumulated losses of joint ventures and associates:		
- Realised	(871)	(1,303)
Less : consolidation adjustments	<u>(17,619)</u>	<u>(17,240)</u>
Group's retained profits as per condensed consolidated statement of financial position	<u>242,491</u>	<u>244,360</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
27 February 2017