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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 2019

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 2019 to Bursa Securities on 28 August 2019.

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).

28 August 2019

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

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CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS

	(Unaudited) Three months ended 30 June		(Unaudited) Three months ended 30 June	
	2019 US\$'000	2018 US\$'000	2019 RM'000 <i>(Note)</i>	2018 RM'000 <i>(Note)</i>
Turnover	71,632	82,032	296,091	339,079
Cost of goods sold	(51,460)	(56,323)	(212,710)	(232,811)
Gross profit	20,172	25,709	83,381	106,268
Other income	2,291	2,008	9,470	8,300
Other losses, net	(72)	(91)	(298)	(376)
Selling and distribution expenses	(10,996)	(13,167)	(45,452)	(54,426)
Administrative expenses	(6,701)	(7,649)	(27,699)	(31,617)
Other operating expenses	(1,281)	(1,173)	(5,295)	(4,849)
Operating profit	3,413	5,637	14,107	23,300
Finance costs	(169)	(749)	(699)	(3,096)
Profit before income tax	3,244	4,888	13,408	20,204
Income tax expense	(1,109)	(2,030)	(4,583)	(8,391)
Profit for the quarter	2,135	2,858	8,825	11,813
Profit/(loss) attributable to:				
Owners of the Company	2,264	3,042	9,358	12,574
Non-controlling interests	(129)	(184)	(533)	(761)
	2,135	2,858	8,825	11,813
Earnings per share attributable to owners of the Company				
Basic (US cents/sen) #	0.13	0.18	0.54	0.74
Diluted (US cents/sen) #	0.13	0.18	0.54	0.74

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 2019 with comparatives is shown for reference only and has been made at the same exchange rate of US\$1 to RM4.1335 ruling at 30 June 2019. 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 OTHER COMPREHENSIVE INCOME

	(Unaudited)		(Unaudited)	
	Three months ended		Three months ended	
	30 June		30 June	
	2019	2018	2019	2018
	US\$'000	US\$'000	RM'000	RM'000
			(Note)	(Note)
Profit for the quarter	2,135	2,858	8,825	11,813
Other comprehensive loss				
Item that may be reclassified subsequently to profit or loss:				
Currency translation differences	(1,716)	(6,955)	(7,093)	(28,748)
Item that will not be reclassified subsequently to profit or loss:				
Fair value change on financial assets at fair value through other comprehensive income	(156)	(3,741)	(645)	(15,464)
Other comprehensive loss for the quarter, net of tax	(1,872)	(10,696)	(7,738)	(44,212)
Total comprehensive income/ (loss) for the quarter	263	(7,838)	1,087	(32,399)
Total comprehensive income/ (loss) for the quarter attributable to:				
Owners of the Company	427	(6,618)	1,765	(27,356)
Non-controlling interests	(164)	(1,220)	(678)	(5,043)
	263	(7,838)	1,087	(32,399)

Note: The presentation currency of this unaudited financial information is US\$. Supplementary information in RM for the quarter ended 30 June 2019 with comparatives is shown for reference only and has been made at the same exchange rate of US\$1 to RM4.1335 ruling at 30 June 2019. 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

	(Unaudited) As at 30 June 2019 US\$'000	(Audited) As at 31 March 2019 US\$'000	(Unaudited) As at 30 June 2019 RM'000 (Note)	(Unaudited) As at 31 March 2019 RM'000 (Note)
ASSETS				
Non-current assets				
Property, plant and equipment	77,146	79,209	318,883	327,410
Right-of-use assets	1,146	-	4,737	-
Investment properties	20,712	20,913	85,613	86,444
Intangible assets	8,852	9,141	36,590	37,784
Deferred income tax assets	226	224	934	926
Financial assets at fair value through other comprehensive income	2,905	3,044	12,008	12,582
	110,987	112,531	458,765	465,146
Current assets				
Inventories	23,222	24,869	95,988	102,796
Trade and other receivables	38,681	35,945	159,888	148,579
Financial assets at fair value through profit or loss	433	444	1,790	1,835
Income tax recoverable	756	637	3,125	2,633
Short-term bank deposits	6,299	5,951	26,037	24,598
Cash and cash equivalents	73,160	69,204	302,407	286,055
	142,551	137,050	589,235	566,496
Current liabilities				
Trade and other payables	35,892	32,796	148,360	135,562
Contract liabilities	19,441	18,858	80,359	77,950
Dividend payable	1,687	-	6,973	-
Income tax liabilities	1,099	853	4,543	3,526
Bank and other borrowings	18,575	19,912	76,780	82,306
Lease liabilities	565	-	2,335	-
Current portion of other non-current liabilities	44	45	182	186
	77,303	72,464	319,532	299,530
Net current assets	65,248	64,586	269,703	266,966
Total assets less current liabilities	176,235	177,117	728,468	732,112

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CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION (Continued)

	(Unaudited) As at 30 June 2019 US\$'000	(Audited) As at 31 March 2019 US\$'000	(Unaudited) As at 30 June 2019 RM'000 (Note)	(Unaudited) As at 31 March 2019 RM'000 (Note)
EQUITY				
Equity attributable to owners of the Company				
Share capital	21,715	21,715	89,759	89,759
Share premium	54,664	54,664	225,954	225,954
Other reserves	(115,010)	(113,173)	(475,394)	(467,801)
Retained earnings	205,130	204,553	847,905	845,520
	<u>166,499</u>	<u>167,759</u>	<u>688,224</u>	<u>693,432</u>
Non-controlling interests	1,898	2,062	7,845	8,523
Total equity	<u>168,397</u>	<u>169,821</u>	<u>696,069</u>	<u>701,955</u>
Non-current liabilities				
Lease liabilities	588	-	2,430	-
Deferred income tax liabilities	5,883	5,967	24,317	24,665
Other non-current liabilities	1,367	1,329	5,652	5,492
	<u>7,838</u>	<u>7,296</u>	<u>32,399</u>	<u>30,157</u>
	<u>176,235</u>	<u>177,117</u>	<u>728,468</u>	<u>732,112</u>
Net assets per share attributable to owners of the Company (US cents /sen)	<u>9.87</u>	<u>9.94</u>	<u>40.80</u>	<u>41.09</u>

Note: The presentation currency of this unaudited financial information is US\$. Supplementary information in RM as at 30 June 2019 with comparatives is shown for reference only and has been made at the same exchange rate of US\$1 to RM4.1335 ruling at 30 June 2019. 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	Sub-total		
	US\$'000	US\$'000	US\$'000	US\$'000	US\$'000	US\$'000	US\$'000
At 1 April 2018	21,715	54,664	(100,380)	221,670	197,669	4,099	201,768
Profit/(loss) for the period	-	-	-	3,042	3,042	(184)	2,858
Other comprehensive loss							
Item that may be reclassified subsequently to profit or loss:							
Currency translation differences	-	-	(6,929)	-	(6,929)	(26)	(6,955)
Item that will not be reclassified subsequently to profit or loss:							
Fair value change on financial assets at fair value through other comprehensive income	-	-	(2,731)	-	(2,731)	(1,010)	(3,741)
Other comprehensive loss, net of tax	-	-	(9,660)	-	(9,660)	(1,036)	(10,696)
Total comprehensive (loss)/income for the period ended 30 June 2018	-	-	(9,660)	3,042	(6,618)	(1,220)	(7,838)
Total transactions with owners, recognised directly in equity							
2017/2018 second interim dividend	-	-	-	(3,037)	(3,037)	-	(3,037)
	-	-	-	(3,037)	(3,037)	-	(3,037)
At 30 June 2018	21,715	54,664	(110,040)	221,675	188,014	2,879	190,893

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CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY (Continued)

	(Unaudited)						Total equity US\$'000
	Attributable to owners of the Company					Non- controlling interests US\$'000	
	Share capital US\$'000	Share premium US\$'000	Other reserves US\$'000	Retained earnings US\$'000	Sub-total US\$'000		
At 1 April 2019	21,715	54,664	(113,173)	204,553	167,759	2,062	169,821
Profit/(loss) for the period	-	-	-	2,264	2,264	(129)	2,135
Other comprehensive (loss)/income							
Item that may be reclassified subsequently to profit or loss:							
Currency translation differences	-	-	(1,723)	-	(1,723)	7	(1,716)
Item that will not be reclassified subsequently to profit or loss:							
Fair value change on financial assets at fair value through other comprehensive income	-	-	(114)	-	(114)	(42)	(156)
Other comprehensive loss, net of tax	-	-	(1,837)	-	(1,837)	(35)	(1,872)
Total comprehensive (loss) / income for the period ended 30 June 2019	-	-	(1,837)	2,264	427	(164)	263
Total transactions with owners, recognised directly in equity							
2018/2019 second interim dividend	-	-	-	(1,687)	(1,687)	-	(1,687)
	-	-	-	(1,687)	(1,687)	-	(1,687)
At 30 June 2019	21,715	54,664	(115,010)	205,130	166,499	1,898	168,397

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CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY (Continued)

	(Unaudited)						Total equity RM'000 (Note)
	Attributable to owners of the Company					Non- controlling interests RM'000 (Note)	
	Share capital RM'000 (Note)	Share premium RM'000 (Note)	Other reserves RM'000 (Note)	Retained earnings RM'000 (Note)	Sub-total RM'000 (Note)		
At 1 April 2018	89,759	225,954	(414,921)	916,273	817,065	16,943	834,008
Profit/(loss) for the period	-	-	-	12,574	12,574	(761)	11,813
Other comprehensive loss							
Item that may be reclassified subsequently to profit or loss:							
Currency translation differences	-	-	(28,641)	-	(28,641)	(107)	(28,748)
Item that will not be reclassified subsequently to profit or loss:							
Fair value change on financial assets at fair value through other comprehensive income	-	-	(11,289)	-	(11,289)	(4,175)	(15,464)
Other comprehensive loss, net of tax	-	-	(39,930)	-	(39,930)	(4,282)	(44,212)
Total comprehensive (loss)/income for the period ended 30 June 2018	-	-	(39,930)	12,574	(27,356)	(5,043)	(32,399)
Total transactions with owners, recognised directly in equity							
2017/2018 second interim dividend	-	-	-	(12,553)	(12,553)	-	(12,553)
	-	-	-	(12,553)	(12,553)	-	(12,553)
At 30 June 2018	89,759	225,954	(454,851)	916,294	777,156	11,900	789,056

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CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY (Continued)

	(Unaudited)						Total equity RM'000 (Note)
	Attributable to owners of the Company					Non- controlling interests RM'000 (Note)	
	Share capital RM'000 (Note)	Share premium RM'000 (Note)	Other reserves RM'000 (Note)	Retained earnings RM'000 (Note)	Sub-total RM'000 (Note)		
At 1 April 2019	89,759	225,954	(467,801)	845,520	693,432	8,523	701,955
Profit/(loss) for the period	-	-	-	9,358	9,358	(533)	8,825
Other comprehensive (loss)/income							
Item that may be reclassified subsequently to profit or loss:							
Currency translation differences	-	-	(7,122)	-	(7,122)	29	(7,093)
Item that will not be reclassified subsequently to profit or loss:							
Fair value change on financial assets at fair value through other comprehensive income	-	-	(471)	-	(471)	(174)	(645)
Other comprehensive loss, net of tax	-	-	(7,593)	-	(7,593)	(145)	(7,738)
Total comprehensive (loss)/income for the period ended 30 June 2019	-	-	(7,593)	9,358	1,765	(678)	1,087
Total transactions with owners, recognised directly in equity							
2018/2019 second interim dividend	-	-	-	(6,973)	(6,973)	-	(6,973)
	-	-	-	(6,973)	(6,973)	-	(6,973)
At 30 June 2019	89,759	225,954	(475,394)	847,905	688,224	7,845	696,069

Note: The presentation currency of this unaudited financial information is US\$. Supplementary information in RM for the period ended 30 June 2019 with comparatives is shown for reference only and has been made at the same exchange rate of US\$1 to RM4.1335 ruling at 30 June 2019. 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)		(Unaudited)	
	Three month ended		Three month ended	
	30 June		30 June	
	2019	2018	2019	2018
	US\$'000	US\$'000	RM'000	RM'000
			<i>(Note)</i>	<i>(Note)</i>
Cash flows from operating activities				
Cash generated from operations	7,471	16,186	30,881	66,905
Interest paid	(160)	(68)	(661)	(281)
Income tax paid	(1,035)	(1,372)	(4,278)	(5,671)
Net cash generated from operating activities	6,276	14,746	25,942	60,953
Cash flows from investing activities				
Dividends received	11	12	45	50
(Increase)/decrease in short-term bank deposits with original maturity over three months	(348)	888	(1,438)	3,671
Interest received	361	812	1,492	3,356
Proceeds from disposal of property, plant and equipment	6	15	25	62
Purchases of intangible assets	(29)	(35)	(120)	(145)
Purchases of property, plant and equipment	(218)	(179)	(901)	(740)
Net cash (used in)/generated from investing activities	(217)	1,513	(897)	6,254
Cash flows from financing activities				
Proceeds from bank and other borrowings	1,205	3,244	4,981	13,409
Repayments of bank and other borrowings	(2,615)	(5,764)	(10,809)	(23,825)
Repayments of lease liabilities	(168)	-	(694)	-
Net cash used in financing activities	(1,578)	(2,520)	(6,522)	(10,416)
Net increase in cash and cash equivalents	4,481	13,739	18,523	56,791
Cash and cash equivalents at beginning of period	69,204	101,923	286,055	421,299
Exchange adjustments on cash and cash equivalents	(525)	(4,141)	(2,171)	(17,117)
Cash and cash equivalents at end of period	73,160	111,521	302,407	460,973

Note: The presentation currency of this unaudited financial information is US\$. Supplementary information in RM for the period ended 30 June 2019 with comparatives is shown for reference only and has been made at the same exchange rate of US\$1 to RM4.1335 ruling at 30 June 2019. 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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A. NOTES TO THE FINANCIAL INFORMATION

A1. Basis of preparation

This condensed consolidated financial information of the Company and its subsidiaries (collectively the “Group”) for the quarter ended 30 June 2019 (“this financial information”) has been prepared in accordance with the International Accounting Standard (“IAS”) 34 “Interim Financial Reporting” issued by the International Accounting Standards 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 2019 which were prepared in accordance with International Financial Reporting Standards (“IFRSs”).

This financial information has not been audited.

A2. Accounting policies

The accounting policies adopted are consistent with those of the previous financial year except for the adoption of new and amended standards as set out below.

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

The following new and amended standards and interpretations, which became effective for the first time for annual periods beginning on or after 1 January 2019, have been adopted by the Group:

- Amendments to IAS 19, “Plan amendment, curtailment or settlement”
- Amendments to IAS 28, “Long-term interests in associates and joint ventures”
- Amendments to IFRS 9, “Prepayment features with negative compensation”
- New standard IFRS 16, “Leases”
- Interpretations IFRIC 23, “Uncertainty over income tax treatments”
- Annual improvement, “Annual improvements to IFRSs 2015–2017 cycle”

The impact of the adoption of IFRS 16 is disclosed in Note A3 below. The other new standards and interpretations did not have any material impact on the Group’s accounting policies and did not require retrospective adjustments.

(ii) New and amended standards and interpretations that have been issued but are not yet effective and have not been early adopted by the Group

The following new and amended standards and interpretations have been issued but are not yet effective and have not been early adopted by the Group:

		Effective for annual periods beginning on or after
Amendments to IAS 1 and IAS 8	Definition of material	1 January 2020
Amendments to IFRS 3	Definition of a business	1 January 2020
Amendments to IFRS 10 and IAS 28	Sale or contribution of assets between an investor and its associate or joint venture	Effective Date to be determined
Conceptual framework for financial reporting 2018	Revised conceptual framework for financial reporting	1 January 2020
IFRS 17	Insurance contracts	1 January 2021

A. NOTES TO THE FINANCIAL INFORMATION (Continued)

A3. Impact on the financial statements from the adoption of IFRS 16

This note explains the impact of the adoption of IFRS 16 “Leases” on the Group’s consolidated financial statements and also discloses the new accounting policies that have been applied from 1 April 2019 in note A3(a) below.

The Group has adopted IFRS 16 retrospectively from 1 April 2019, but has not restated comparatives for the 2018/2019 reporting period, as permitted under the specific transitional provisions in the standard. The reclassifications and the adjustments arising from the new leasing rules are therefore recognised in the opening consolidated statement of financial position on 1 April 2019.

(a) The Group’s leasing activities and how these are accounted for

The Group leases various offices and equipment. Rental contracts are typically made for fixed periods of 2 to 7 years. Lease terms are negotiated on an individual basis and contain a wide range of different terms and conditions. The lease agreements do not impose any covenants, but leased assets may not be used as security for borrowing purposes.

Until the financial year 2018/2019, leases of property, plant and equipment were classified as operating leases. Payments made under operating leases (net of any incentives received from the lessors) were charged to profit or loss on a straight-line basis over the periods of the leases.

On adoption of IFRS 16 from 1 April 2019, leases are recognised as a right-of-use asset and a corresponding liability at the date at which the leased asset is available for use by the Group. Each lease payment is allocated between the liability and finance cost. The finance cost is charged to profit or loss over the lease period so as to produce a constant periodic rate of interest on the remaining balance of the liability for each period. The right-of-use asset is depreciated over the shorter of the asset’s useful life and the lease term on a straight-line basis.

Lease liabilities were measured at the present value of the remaining lease payments, discounted using the lessee’s incremental borrowing rate as of 1 April 2019, except for short-term leases and leases for which the underlying asset is of low value, to which the respective lease payments associated with those leases are recognized as an expense on a straight-line basis over the lease term. The weighted average lessee’s incremental borrowing rate applied to the lease liabilities on 1 April 2019 was 3%.

The associated right-of-use assets were measured at the amount equal to the lease liabilities, adjusted by the amount of any prepaid or accrued lease payments relating to that lease recognised in the consolidated statement of financial position as at 31 March 2019. There were no onerous lease contracts that would have required an adjustment to the right-of-use assets at the date of initial application.

Payments associated with short-term leases and leases of low-value assets are recognised on a straight-line basis as an expense in profit or loss. Short-term leases are leases with a lease term of 12 months or less. Low-value assets comprise office equipment.

In applying IFRS 16 for the first time, the Group has used the following practical expedients permitted by the standard:

- the accounting for operating leases with a remaining lease term of less than 12 months as at 1 April 2019 as short-term leases.

A. NOTES TO THE FINANCIAL INFORMATION (Continued)

A3. Impact on the financial statements from the adoption of IFRS 16 (Continued)

(b) *Adjustments recognised on adoption of IFRS 16*

Lease liabilities recognised as at 1 April 2019 are as follows:

	1 April 2019 US\$'000
Current lease liabilities	650
Non-current lease liabilities	657
	<u>1,307</u>

Right-of-use assets recognised as at 1 April 2019 are as follows:

	1 April 2019 US\$'000
Right-of-use assets	<u>1,309</u>

The change in accounting policy affected the following items in the consolidated statement of financial position on 1 April 2019:

- right-of-use assets – increased by US\$1,309,000
- prepayments – decreased by US\$2,000
- lease liabilities – increased by US\$1,307,000

The net impact on retained earnings as at 1 April 2019 was Nil.

A. NOTES TO THE FINANCIAL INFORMATION (Continued)

A4. Functional currency and translation to presentation currency

Items included in the financial statements of each of the Group's entities are measured using the currency of the primary economic environment in which the entity operates, i.e. the functional currency. The functional currency of the Company is Malaysian Ringgit ("RM"). However, each entity within the Group can present its financial statements in any currency, which can be the same or different from the entity's functional currency. As the Group operates internationally, management considers that it is more appropriate to use United States Dollar ("US\$"), a globally recognised currency, as the presentation currency for the Group's consolidated financial statements. For the entity whose functional currency is not US\$, its results and financial position have been translated into US\$.

The assets and liabilities of each entity within the Group are mostly denominated in its own functional currency and do not have material impact on the consolidated statement of profit or loss for the year.

During the period ended 30 June 2019, the Group was particularly exposed to movements in the US\$ to RM exchange rate as a major part of the Group's operations is located in Malaysia.

A5. 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 2019 was not subject to any qualification.

A6. 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.

A7. Unusual items

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

A8. 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 quarter under review.

A9. Changes in debt and equity securities

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

A10. Dividends paid

There was no dividend paid during the current quarter.

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A. NOTES TO THE FINANCIAL INFORMATION (Continued)

A11. 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 decisions making.

The Group is organised operationally on a worldwide basis in four major operating segments:

Publishing and printing: Malaysia and other Southeast Asian countries
Publishing and printing: Hong Kong and Taiwan
Publishing and printing: North America
Travel and travel related services

Publishing and printing segments are engaged in the publication, printing and distribution of newspapers, magazines, books and digital contents primarily in the Chinese language. The segments derive revenue mainly from the provision of advertising services and sales of newspapers and magazines. Travel and travel related services segment derives revenue from the sales of travel packages and provision of tour services.

The Group Executive Committee assesses the performance of the operating segments based on a measure of segment profit 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 2019, analysed by operating segment, are as follows:

	(Unaudited)					
	Three months ended 30 June 2019					
	Publishing and printing				Travel and travel related services	Total
	Malaysia and other Southeast Asian countries US\$'000	Hong Kong and Taiwan US\$'000	North America US\$'000	Sub-total US\$'000	US\$'000	US\$'000
Turnover	27,246	11,737	2,943	41,926	29,706	71,632
Segment profit/(loss) before income tax	2,491	(1,148)	(9)	1,334	2,098	3,432
Other net unallocated expenses						(188)
Profit before income tax						3,244
Income tax expense						(1,109)
Profit for the quarter						2,135
Other segmental information:						
Interest income	335	7	6	348	13	361
Finance costs	(11)	(149)	-	(160)	(9)	(169)
Depreciation of property, plant and equipment	(1,304)	(291)	(48)	(1,643)	(9)	(1,652)
Depreciation of right-of-use assets	-	-	-	-	(168)	(168)
Amortisation of intangible assets	(177)	(29)	(2)	(208)	(7)	(215)

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A. NOTES TO THE FINANCIAL INFORMATION (Continued)

A11. Turnover and segment information (Continued)

The Group's turnover and results for the quarter ended 30 June 2018, analysed by operating segment, are as follows:

	(Unaudited)					
	Three months ended 30 June 2018					
	Publishing and printing				Travel and travel related services 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		
Turnover	34,985	12,655	3,619	51,259	30,773	82,032
Segment profit/(loss) before income tax	5,226	(979)	(858)	3,389	2,435	5,824
Unallocated finance costs						(681)
Other net unallocated expenses						(255)
Profit before income tax						4,888
Income tax expense						(2,030)
Profit for the quarter						2,858
Other segmental information:						
Interest income	796	4	1	801	11	812
Finance costs	(40)	(28)	-	(68)	-	(68)
Depreciation of property, plant and equipment	(1,510)	(306)	(69)	(1,885)	(9)	(1,894)
Amortisation of intangible assets	(182)	(47)	(2)	(231)	(8)	(239)

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 quarter is disaggregated as follows:

	(Unaudited)	
	Three months ended 30 June	
	2019 US\$'000	2018 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	27,274	33,680
Travel and travel related services income	303	263
Over time		
Advertising income, net of trade discounts	14,652	17,579
Travel and travel related services income	29,403	30,510
	71,632	82,032

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A. NOTES TO THE FINANCIAL INFORMATION (Continued)

A11. Turnover and segment information (Continued)

The segment assets and liabilities as at 30 June 2019 are as follows:

	(Unaudited)						Total US\$'000
	Publishing and printing						
	Malaysia and other Southeast Asian countries US\$'000	Hong Kong and Taiwan US\$'000	North America US\$'000	Sub-total US\$'000	Travel and travel related services US\$'000	Elimination US\$'000	
Segment assets	166,250	40,965	11,194	218,409	34,513	(905)	252,017
Unallocated assets							<u>1,521</u>
Total assets							<u>253,538</u>
Total assets include:							
Additions to non-current assets (other than deferred income tax assets)	158	79	8	245	2	-	<u>247</u>
Segment liabilities	(17,087)	(30,306)	(6,654)	(54,047)	(21,943)	905	(75,085)
Unallocated liabilities							<u>(10,056)</u>
Total liabilities							<u>(85,141)</u>

The segment assets and liabilities as at 31 March 2019 are as follows:

	(Audited)						Total US\$'000
	Publishing and printing						
	Malaysia and other Southeast Asian countries US\$'000	Hong Kong and Taiwan US\$'000	North America US\$'000	Sub-total US\$'000	Travel and travel related services US\$'000	Elimination US\$'000	
Segment assets	168,760	42,672	10,562	221,994	26,435	(270)	248,159
Unallocated assets							<u>1,422</u>
Total assets							<u>249,581</u>
Total assets include:							
Additions to non-current assets (other than deferred income tax assets)	5,892	376	44	6,312	18	-	<u>6,330</u>
Segment liabilities	(19,186)	(30,300)	(6,384)	(55,870)	(15,985)	270	(71,585)
Unallocated liabilities							<u>(8,175)</u>
Total liabilities							<u>(79,760)</u>

A. NOTES TO THE FINANCIAL INFORMATION (Continued)

A11. 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, financial assets at fair value through other comprehensive income, right-of-use assets, inventories, trade and other receivables, short-term bank deposits, and cash and cash equivalents. They mainly exclude deferred income tax assets, financial assets at fair value through profit or loss and income tax recoverable of the Group.

Segment liabilities consist primarily of trade and other payables, contract liabilities, retirement benefit obligations, defined benefit plan liabilities, bank and other borrowings, lease liabilities and other non-current liabilities. They mainly exclude medium-term notes issued by the Company, deferred income tax liabilities and income tax liabilities of the Group.

A12. Valuation of property, plant and equipment

There was no revaluation of the Group's property, plant and equipment during the quarter ended 30 June 2019.

A13. Subsequent material events

There were no subsequent material events of the Group.

A14. Changes in the composition of the Group

There were no material changes in the composition of the Group during the quarter under review, except for the following:

Reference is made to the announcement dated 10 May 2019 in relation to the final meeting for the member's voluntary winding-up of Cittabella (Malaysia) Sdn Bhd ("Cittabella"), a dormant and indirect wholly-owned subsidiary of the Company. Cittabella shall be dissolved after the expiration of three months from the date of lodgement of the return by the liquidator relating to the final meeting with the Companies Commission of Malaysia and the Official Receiver of Malaysia.

Reference is made to the announcement of the Company dated 15 May 2019, Ming Pao New Media Limited, a dormant and indirect subsidiary of the Company, had been deregistered on 26 April 2019 pursuant to section 751 of the Companies Ordinance (Chapter 622 of the Laws of Hong Kong).

A15. Capital commitments

Capital commitments outstanding as at 30 June 2019 are as follows:

	(Unaudited) US\$'000
Property, plant and equipment :	
Authorised and contracted for	1,222
Authorised but not contracted for	818
	<u>2,040</u>

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A. NOTES TO THE FINANCIAL INFORMATION (Continued)

A16. Related party transactions

	(Unaudited)	
	Three months ended	
	30 June	
	2019	2018
	US\$'000	US\$'000
Advertising income received from related companies (note 1)	(1)	-
Newsprint purchases from a related company (note 1)	-	725
Provision of accounting and administrative services to related companies (note 1)	(4)	(4)
Provision of editorial pagination services to a related company (note 1)	-	(15)
Provision of engineering professional services by a related company (note 1)	12	12
Provision of legal services by a related company (note 2)	18	-
Purchase of air tickets from a related company (note 1)	4	3
Rental expenses paid to related companies (note 1)	23	23
Scrap sales of old newspapers and magazines to a related company (note 1)	-	(98)

Notes:

- 1) Certain shareholders and directors of the Company are shareholders and/or directors of these related companies.
- 2) A director of a subsidiary of the Company is an associate of the related company.
- 3) 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		
	2019 US\$'000	2018 US\$'000	% Change
Turnover	71,632	82,032	-12.7%
Profit before income tax	3,244	4,888	-33.6%
EBITDA	5,087	6,958	-26.9%

The Group's turnover fell by 12.7% to US\$71,632,000 from US\$82,032,000 in the same quarter last year. This was attributed to the decline in revenue from both the publishing and printing segment and the travel segment of 18.2% and 3.5% respectively. Consequently, the Group recorded a lower profit before income tax of US\$3,244,000 compared to US\$4,888,000 a year ago.

Compared to the corresponding quarter of the previous year, EBITDA for the quarter fell 26.9% to US\$5,087,000.

During the current quarter, both the Malaysian Ringgit ("RM") and the Canadian dollar ("C\$") weakened against the US dollar, resulting in negative currency impacts of approximately US\$1,627,000 on the Group's turnover and US\$127,000 on the Group's profit before income tax.

Publishing and Printing

For the current quarter, turnover for the publishing and printing segment decreased by 18.2% to US\$41,926,000 from US\$51,259,000 for the same period last year. This decline was seen in all the Group's core markets. In line with the lower revenue, the publishing and printing segment's profit before income tax decreased from US\$3,389,000 in the previous year to US\$1,334,000.

For its Malaysia and other Southeast Asian markets, the Group's turnover fell 22.1% to US\$27,246,000 from US\$34,985,000 a year ago, resulting in a decrease of 52.3% in this segment's profit before income tax to US\$2,491,000 from US\$5,226,000 in the prior year quarter. Malaysia's advertising market remained weak as reflected by the adex figures which showed a drop of 15.9% in Malaysia's total advertising spending for the current quarter if compared to the same period of last year. Malaysia has also been impacted by the general slowdown in the world economy. The softening of the advertising market has adversely affected the Group's print revenue and its digital revenue also grew at a slower pace when compared to the corresponding quarter last year. Nevertheless, the Group will continue to strive for strengthening its business, including conducting more revenue-generating events and projects as well as expanding its digital business. It will also continue its cost containment efforts which have been fruitful as reflected by the savings in most of the Group's operating costs.

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

B1. Analysis of performance (Continued)

Hong Kong's economy remained weak in the current quarter amid the ongoing US-China trade dispute and the recent wave of protests in Hong Kong. According to the Census and Statistics Department's reports, Hong Kong's retail sales dropped for the fifth consecutive months in June with a year-on-year decline of 6.7% and for the first six months of 2019, retail sales fell by 2.6% compared to the same period last year. Turnover of the Hong Kong and Taiwan segment fell 7.3% or US\$918,000 in the quarter under review to US\$11,737,000 from US\$12,655,000 in the same quarter of the previous year. Recruitment advertisements and revenue from government projects continued to be revenue drivers for this segment for the quarter under review; whereas revenue from the finance and property sectors remained soft. Through operational efficiency and cost reduction, the segment managed to mitigate the impact of revenue decline. It reported a segment loss before income tax of US\$1,148,000 as compared to a loss of US\$979,000 in the prior year quarter.

The performance of the North America segment remained subdued due to weak economic conditions, particularly for the property sector. Nevertheless, this market is seeing growth in its digital business and the Group is working on enhancing its digital capabilities and expanding its digital service offerings, while at the same time continuing its cost control measures. This segment saw an 18.7% drop in turnover to US\$2,943,000 from last year's US\$3,619,000. However, the segment's loss before income tax narrowed to US\$9,000 from US\$858,000 a year ago.

Travel and travel related services

Compared to the same quarter in 2018/2019, turnover for the travel segment was down by 3.5% or US\$1,067,000 to US\$29,706,000. Impacted by the decline in turnover, the segment's profit before income tax fell by 13.8% to US\$2,098,000 from US\$2,435,000 in the same quarter last year. The intense competition in the travel industry has adversely affected this segment's performance. In order to stay competitive and profitable, the Group is focusing on providing niche products and services such as customised luxury tours and wide range of incentive tours for groups of all sizes.

B2. Variation of results against immediate preceding quarter

	(Unaudited) Three months ended 30 June 2019 US\$'000	(Unaudited) Three months ended 31 March 2019 US\$'000	% Change
Turnover	71,632	54,292	31.9%
Profit/ (loss) before income tax	3,244	(18,777)	117.3%

In the current quarter, the Group recorded a total turnover of US\$71,632,000, representing an increase of 31.9% or US\$17,340,000 over the immediate preceding quarter. This was mainly due to an increase of 241.6% or US\$21,011,000 in the turnover of the travel segment as the spring season, which fell in the current quarter, is generally a favorite time for travel. On the other hand, turnover for the publishing and printing segment decreased by 8.1% or US\$3,671,000 from the immediate preceding quarter.

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

B2. Variation of results against immediate preceding quarter (Continued)

The Group recorded a profit before income tax of US\$3,244,000 for the quarter under review compared to a loss before income tax of US\$18,777,000 in the immediate preceding quarter. Provisions for impairment of goodwill and certain plant and machinery totaling US\$17,977,000 were recognised in the preceding quarter, excluding which, the preceding quarter's result would have been a loss of US\$800,000. The improvement in the current quarter's result was mainly due to higher profit contribution from the travel segment.

B3. Current year prospects

The Group expects the market conditions to be challenging and uncertain for the remaining quarters of the financial year 2019/2020. This is premised upon the continuing trade war between the United States and China, the softening of the economy in South East Asia and Canada as well as the political unrest in Hong Kong.

The Group will continue its efforts to minimize the impact of these adverse market conditions on its earnings. Dedicated business teams have been set up to develop new revenue models to address the changing business environment, while at the same time the Group will continue to optimise its operational efficiency and cost effectiveness.

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	
	30 June	
	2019	2018
	US\$'000	US\$'000
Exchange losses - net	(58)	(92)
Reversal of provision /(provision) for loss allowance and write-off of trade and other receivables	134	(65)
Provision for impairment and write-off of inventories	(40)	(61)

Save as disclosed above and in A11, the other items as required under Part A(16) of Appendix 9B of the Bursa Securities' Listing Requirements are not applicable.

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

B6. Income tax expense/(credit)

Income tax expense/ (credit) in the condensed consolidated statement of profit or loss represents:

	(Unaudited) Three months ended 30 June	
	2019 US\$'000	2018 US\$'000
Current period income tax expense	1,165	2,099
Over provision in prior years	(2)	-
Deferred income tax credit	(54)	(69)
	1,109	2,030

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 proposal

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 financial information.

B8. Group borrowings

The Group's borrowings as at 30 June 2019 are as follows:

	Secured US\$'000	(Unaudited) Unsecured US\$'000	Total US\$'000
Current			
Bank borrowings	18,115	460	18,575

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

	(Unaudited) US\$'000
Malaysian Ringgit	460
Hong Kong dollars	17,292
United States dollars	823
	18,575

The net gearing ratio of the Group, calculated as net debt over owners' equity, was nil as at 30 June 2019 and 31 March 2019.

B9. Material litigation

As at 30 June 2019, 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 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.

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

B10. Dividend payable

The tax-exempt second interim dividend of US0.10 cents per ordinary share totaling US\$1,687,000 in respect of the year ended 31 March 2019 was paid on 12 July 2019.

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

B11. Earnings per share attributable to owners of the Company

	(Unaudited)	
	Three months ended	
	30 June	
	2019	2018
Profit attributable to owners of the Company(US\$'000)	<u>2,264</u>	3,042
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>0.13</u>	0.18
Diluted earnings per share (US cents)	<u>0.13</u>	0.18

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 quarter ended 30 June 2019 and 2018.

On behalf of the Board
Media Chinese International Limited

Tin Suk Han
Tong Siew Kheng
Joint Company Secretaries
28 August 2019