Press Release

世界華文 媒體 MEDIA CHINESE

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)

To: Business Editor **【For Immediate Release】**

FINANCIAL RESULTS
FOR THE SECOND QUARTER ENDED
30 SEPTEMBER 2018

Unaudited Financial Highlights

	For the three months ended 30 September			**For the six months ended 30 September**		
	2018 US$'000	2017 US$'000	% Change	**2018 US$'000**	2017 US$'000	% Change
Turnover	**85,669**	79,875	7.3%	**167,701**	153,643	9.1%
Profit before income tax	**4,348**	5,110	-14.9%	**9,236**	8,996	2.7%
EBITDA	**6,298**	7,452	-15.5%	**13,256**	13,714	-3.3%

(29 November 2018) - **Media Chinese International Limited** ("**Media Chinese**" and, together with its subsidiaries, the "**Group**", HKSE Stock Code: 685, KUL Stock Code: 5090) today announced the unaudited results for the second quarter ended 30 September 2018.

For the quarter ended 30 September 2018, the Group's turnover increased by 7.3% to US$85,669,000 when compared to the corresponding quarter last year. The increase was mainly attributed to the growth in revenue from the travel segment.

Profit before income tax for the quarter fell 14.9% or US$762,000 to US$4,348,000 from US$5,110,000 in the year-ago quarter, mainly due to lower profit contribution from the publishing and printing segment, which was partly cushioned by improved performance from the travel segment.

Compared to the prior year quarter, the US dollar weakened against the Malaysian Ringgit ("RM") but was stronger against the Canadian dollar ("CAD"). This resulted in net positive currency impacts on the Group's operating results. Excluding currency impacts, the Group's turnover would have increased by about 6.2% and the decrease in the Group's profit before income tax would have been about 18.6%.

EBITDA for the quarter fell 15.5% year-on-year from US$7,452,000 to US$6,298,000. The decrease would have been about 18.8% if currency impact was excluded.

(a) Publishing and printing segment

Turnover and profit before income tax of the publishing and printing segment for the current quarter were US$49,626,000 and US$2,349,000, reflecting decreases of 5.7% and 48.4% respectively when compared to the prior year quarter.

The Malaysia and other Southeast Asia segment reported a 5.6% year-on-year drop in turnover to US$33,416,000 from US$35,404,000. This decline was in tandem with the slower growth in the Malaysian economy, which grew at a weaker 4.5% in the second quarter of 2018 compared to the first quarter's 5.4%. Affected by the dwindling gross advertising spending on print media, the segment's advertising revenue remained subdued. Nevertheless, revenue from the segment's digital platforms continued to grow at double-digit rates.

The decline in turnover resulted in a corresponding drop in this segment's results with the segment profit before income tax fell 26.6% or US$1,584,000 to US$4,378,000 from US$5,962,000 in the same quarter last year.

The decreases in turnover and profit before income tax would have been about 9.3% and 29.5% respectively if currency impact was excluded.

The GDP for Hong Kong in the third quarter of 2018 grew 2.9% and total retail sales for the first 9 months of 2018 was estimated to have increased by about 11% over the same period in 2017. With the improvement in the economy, the declining trend of the advertising spending for print media in Hong Kong seemed to be stabilising. The Hong Kong, Taiwan and Mainland China segment registered a 2.6% year-on-year decline in turnover to US$12,997,000 and the segment's loss before income tax widened to US$1,163,000 from US$600,000 in the prior year quarter. Besides the decline in revenue, the increase in loss was also due to the surging newsprint price and the disposal of the Group's magazine operations in the Mainland China in July 2018.

The performance of the North America segment remained weak given the soft economic conditions especially for the local property market which was one of the major sources of advertising revenue for the segment. The turnover for this segment declined 17.6% to US$3,213,000 whilst its loss before income tax widened by 6.9% from US$810,000 to US$866,000 for the second quarter of 2018/2019.

(b) Travel and travel related services segment

Turnover for the travel segment amounted to US$36,043,000 in the current quarter, a growth of 32.4% or US$8,812,000 when compared to the prior-year quarter. The growth was fuelled by an increase in incentive tours and tours for the FIFA World Cup, which was a tourism boosting event. Driven by the revenue increase, the profit before income tax for the Group’s travel segment increased by 116.6% over the same quarter last year to US$2,890,000.

First half of FY 2018/2019

For the six months ended 30 September 2018, the Group’s turnover increased by 9.1% or US$14,058,000 to US$167,701,000 when compared to the corresponding period last year. This was mainly driven by a 32.5% growth in revenue from the Group’s travel segment.

The profit before income tax for this current period increased by 2.7% or US$240,000 to US$9,236,000 from US$8,996,000 in the same period the previous year.

EBITDA for the current period was US$13,256,000, a slight 3.3% decrease from US$13,714,000 in the prior year period.

Compared to the same period last year, both the RM and the CAD strengthened against the US$, resulting in positive currency impact on the Group’s turnover and profit before income tax of approximately US$4,277,000 and US$669,000 respectively.

Basic earnings per share for the six months ended 30 September 2018 was US0.36 cents, compared with US0.34 cents for the corresponding period in 2017. As at 30 September 2018, the Group’s cash and cash equivalents and short-term bank deposits totaled US$124,612,000, an increase of 3.6% since 31 March 2018. Net assets per share attributable to owners of the Company was US11.04 cents. The net gearing ratio was nil.

The Board has declared a first interim dividend for the year ending 31 March 2019 of US0.18 cents (2017/2018 : US0.25 cents) per ordinary share payable on 28 December 2018.

Press Release

Outlook

Commenting on the outlook of the remaining quarters, **Media Chinese's Group Chief Executive Officer, Mr Francis TIONG said**, "The Group expects the second half of the financial year 2018/2019 to remain challenging. The subdued advertising spend in most of the markets it operates in together with the upward trend of newsprint prices will adversely impact the Group's results. In addition, the looming trade war between China and the USA will create further uncertainties in the global economy and hence pressure on the Group's financial performance."

"The Group will continue its cost containment efforts whilst developing and enhancing its digital content and platform capabilities. It will also focus on nurturing new revenue generating activities such as event management. For the travel segment, the Group will continue to design creative tour packages especially to untapped destinations of interest." Mr TIONG concluded.

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About Media Chinese International Limited (Stock Code: 685 HK)

Media Chinese International Limited is a leading global Chinese language media group dual-listed on The Stock Exchange of Hong Kong Limited (Stock Code: 685) and Bursa Malaysia Securities Berhad (Stock Code: 5090). Media Chinese's product portfolio in Southeast Asia, Greater China and North America comprises 5 daily newspapers in 11 editions and 3 free newspapers, as well as more than 20 magazines. The Group has also expanded its business into digital media. Media Chinese is the proprietor of Life Magazines, the largest Chinese language magazine publisher in Malaysia, and is the major shareholder of One Media Group Limited (listed on The Stock Exchange of Hong Kong Limited, Stock Code: 426).

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