Press Release

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 THIRD QUARTER ENDED
31 DECEMBER 2018

Unaudited Financial Highlights

	For the three months ended 31 December			**For the nine months ended 31 December**		
	2018	2017		**2018**	2017	
	US$'000	US$'000	% Change	**US$'000**	US$'000	% Change
Turnover	**63,567**	67,779	-6.2%	**231,268**	221,422	4.4%
Profit before income tax	**3,004**	4,287	-29.9%	**12,240**	13,283	-7.9%
EBITDA	**4,920**	6,635	-25.8%	**18,176**	20,349	-10.7%

(25 February 2019) - **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 third quarter ended 31 December 2018.

The Group's turnover for the quarter ended 31 December 2018 decreased by 6.2% to US$63,567,000 when compared to the corresponding quarter last year. This was attributed to the decline in the turnover of its publishing and printing segment, despite an encouraging growth in its travel segment. The decline in turnover resulted in a 29.9% decrease in the Group's profit before income tax for the quarter which was recorded at US$3,004,000.

Compared to the corresponding quarter of the previous year, EBITDA for the quarter fell 25.8% to US$4,920,000.

There was no significant currency impact on the Group's financial results for the quarter under review.

(a) Publishing and printing segment

For the quarter under review, the turnover of the publishing and printing segment fell 10.9% to US$47,475,000 from US$53,293,000 in the same quarter last year. This decline was across all the Group's market segments.

For its Malaysia and other Southeast Asian market, the Group's turnover fell 12.1% to US$30,997,000.

The slowdown in external trade and domestic demand have weighed on the Malaysian economy. For the quarter under review, business conditions and consumer sentiments indexes in Malaysia fell below the optimism threshold of 100 points, an indication of a slowdown in the country's economic growth. The print media continued to face challenges amid this difficult business climate which dampened the market's advertising expenditure.

The increase in the cover price of the Group's publications in Malaysia since March 2018 has contributed positively to this segment's turnover. There were also increased revenue contributions from the segment's digital business, which continued to grow strongly, and *Nanyang Siang Pau's* 90th anniversary events. However, the market's advertising spend remained weak despite the festivities in the quarter under review, which had adverse impact on the segment's advertising revenue. On the cost side, there were substantial savings in production, distribution and manpower costs, however, the savings were dampened by the rising newsprint price.

The decline in turnover resulted in a corresponding drop in the segment's results where the segment profit before income tax fell 20.2% to US$4,435,000 from US$5,556,000.

In Hong Kong, consumer sentiment has become increasingly cautious amid continuing US-China trade tensions and moderating global economic growth. Meanwhile, Hong Kong's property market has started to soften and retail sales slowed down considerably towards the end of the year 2018.

For the quarter under review, the turnover of the Hong Kong and Taiwan segment declined to US$13,197,000 from US$14,024,000 in the prior year quarter, resulting in a segment loss of US$434,000. This decline in turnover was mainly due to Hong Kong's softening property market and slowing retail environment, leading to a decrease in the segment's advertising revenue from these sectors. The decline was cushioned by a growth in advertising revenue from the recruitment sector as well as revenue from *Ming Pao Weekly's* 50th anniversary events. This segment's performance was also negatively affected by the surging newsprint costs.

The performance of the North America segment remained subdued given the market's weak economic conditions. The turnover for this segment fell 17.9% to US$3,281,000 whilst its loss before income tax reduced marginally to US$529,000 from US$558,000 if compared to previous year's corresponding quarter.

The Group closed down its New York operation in November 2018. There was no significant impact on the Group's results and financial position.

(b) Travel and travel related services segment

Turnover for the travel segment amounted to US$16,092,000 in the current quarter, a growth of 11.1% if compared to the prior-year quarter. The growth was mainly driven by higher demand for the segment's tours to Europe and specially designed tour programs to popular travel destinations in Asia, including China, Japan and Taiwan. The travel segment reported a corresponding increase in segment profit before income tax for the quarter of 421.3% to US$391,000 when compared with the same quarter last year.

Nine months of FY 2018/2019

For the nine months ended 31 December 2018, the Group's turnover increased by 4.4% to US$231,268,000 when compared to the corresponding period last year. This was mainly due to the 27.7% increase in the turnover of the Group's travel segment.

The Group's profit before income tax for the current period decreased by 7.9% to US$12,240,000 from US$13,283,000 in the same period last year due to weaker performance of its publishing and printing segment.

The Group's EBITDA for the period was US$18,176,000, 10.7% below previous year's US$20,349,000.

Currency impacts for the nine months ended 31 December 2018 were positive, mainly due to a stronger RM compared to the prior-year period. If currency impacts were excluded, the increase in the Group's turnover would have been about 2.6% and the decrease in the Group's profit before income tax would have been about 12.9%.

Basic earnings per share for the nine months ended 31 December 2018 was US0.46 cents, compared with US0.50 cents for the corresponding period in 2017. As at 31 December 2018, the Group's cash and cash equivalents and short-term bank deposits totaled US$114,752,000, a decrease of 4.6% since 31 March 2018. Net assets per share attributable to the owners of the Company was US10.97 cents. The net gearing ratio was nil.

Press Release

Outlook

Commenting on the outlook of the remaining quarter, **Media Chinese's Group Chief Executive Officer, Mr Francis TIONG said**, "The Group expects the business conditions for the remaining quarter of the financial year 2018/2019 to remain challenging and uncertain. The unsettling trade tension between the US and China as well as the continuous weak advertising spend in the markets it operates in are expected to have adverse impacts on the Group's turnover. Moreover, the fourth quarter is normally a low season for both the advertising and travel businesses. A positive note is that the newsprint price is softening which will help improve the profitability of the Group's publishing businesses. Furthermore, the Group will continue its cost containment efforts and explore avenues to optimise the use of its manpower resources and improve synergy among the business units."

"The Group's digital business has been growing strongly and to maintain the growth momentum, the Group will continue to enhance its digital content and platform capabilities. In addition, more efforts will be put to create new revenue sources and business models. For the travel segment, the search for new and interesting travel destinations coupled with new creative tour packages will be the Group's main focus." 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 2 free newspapers, as well as about 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).

For more information, please visit: www.mediachinesegroup.com

For further enquiries, please contact:

Media Chinese International Limited

Malaysia

Ms TONG Siew Kheng Tel: (603) 7965-8885
Fax: (603) 7965-8689

Hong Kong

Corporate Communications Department

Ms Justina FAN Tel: (852) 2595-3355
Fax: (852) 2515-0294
E-mail: corpcom@mediachinese.com