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 2017

Unaudited Financial Highlights

	For the three months ended 31 December			For the nine months ended 31 December		
	2017	2016		**2017**	2016	
	US$'000	US$'000	% Change	**US$'000**	US$'000	% Change
Turnover	**67,779**	71,941	-5.8%	**221,422**	240,192	-7.8%
Profit before income tax	**4,287**	6,268	-31.6%	**13,283**	20,811	-36.2%
EBITDA	**6,635**	9,045	-26.6%	**20,349**	29,564	-31.2%

(26 February 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 third quarter ended 31 December 2017.

The Group's turnover for the quarter ended 31 December 2017 declined 5.8% or US$4,162,000 year-over-year to US$67,779,000. This was attributed to the decrease in the turnover of the publishing and printing segment which was partially cushioned by higher revenue from the travel segment. Profit before income tax for the quarter fell 31.6% or US$1,981,000 to US$4,287,000. The impact of revenue decline was partially mitigated by the cost savings achieved by the Group during the quarter.

During the quarter under review, both the Malaysian Ringgit ("RM") and the Canadian dollar ("CAD") strengthened against the US dollar. This led to positive currency impacts on the Group's turnover and profit before income tax which would have decreased by about 8.0% and 34.9% respectively if currency impacts were excluded.

EBITDA for the quarter fell 26.6% year-on-year from US$9,045,000 to US$6,635,000. The decrease would have been about 29.7% if currency impact was excluded.

The Malaysian economy achieved a GDP growth of 6.2% in the third quarter of 2017. However, the Consumer Sentiments Index for the fourth quarter of 2017 was 82.6% which was still below the optimism threshold (100). With consumer spending still weak, many advertisers remained cautious with their promotional spending. According to market research, newspapers advertising expenditure fell by 22.7% in 4Q 2017 as against 4Q 2016. Such market sentiments led to a decline in the turnover of the publishing and printing business for the Group's Malaysia and other Southeast Asia segment which fell 12.3% to US$35,274,000 from US$40,221,000 in the prior year quarter. The shortfall in revenue was partially cushioned by savings in operating expenses, especially newsprint costs and labour costs. The segment's profit before income tax decreased 31.5% year-on-year from US$8,114,000 to US$5,556,000. Some revenue drivers for the quarter for the Malaysia and other Southeast Asia operations included efforts to increase revenue through combining print advertisements with on-ground events such as the "Sin Chew Business Excellence Awards 2017" and "Golden Eagle Award 2017" as well as promoting the operations' e-publications. The decreases in turnover and profit before income tax would have been about 15.7% and 34.3% respectively if currency impacts were excluded.

For the first three quarters of 2017, the Hong Kong economy grew by 3.9% year-on-year in real terms, from 2% for 2016. The private consumption expenditure in Hong Kong also increased by 5.3% in real terms for the first three quarters of 2017, from 1.8% for 2016. Despite the improvement in economy, the shift of advertising dollars to digital channels and advertisers' cautious spending on promotions, especially for the luxury goods sector, have continued. The turnover for the Hong Kong, Taiwan and Mainland China segment declined by 3.9% or US$568,000 to US$14,024,000 from US$14,592,000 in the prior year quarter. This quarter also saw the segment making a loss before income tax of US$70,000 as against a profit before income tax of US$190,000 in the corresponding quarter last year. The segment has continued to put more focus on its digital business which registered a double-digit growth in revenue for the third consecutive quarter. Meanwhile, the segment continued to experience steady, progressive growth in its educational textbook business.

The North America segment reported an 8.6% decline in turnover to US$3,995,000 while its loss before income tax widened from US$272,000 to US$558,000 for the third quarter of 2017/2018.

Turnover of the travel segment for the current quarter amounted to US$14,486,000, an improvement of 13.5% or US$1,728,000 if compared to the previous year's quarter. Driven by the increase in revenue, the travel segment reported a profit before income tax of US$75,000, a turnaround from a loss of US$178,000 in the same quarter last year. The improvement in performance was mainly contributed by the growth in outbound travel business for the Hong Kong and North America tour operations. However, the profit margins of the travel segment have been reduced by the competitive airfares offered directly by the airlines.

For the nine months ended 31 December 2017, the Group's turnover decreased by 7.8% or US$18,770,000 to US$221,422,000 when compared to the corresponding period last year. The turnover of the Group's publishing and printing segment declined by 13.6% to US$156,512,000 while its travel segment experienced a 10.0% growth by registering a turnover of US$64,910,000.

The Group's profit before income tax for the current period fell 36.2% or US$7,528,000 to US$13,283,000 when compared to the same period last year. Accordingly, the Group's EBITDA for the first nine months of 2017/2018 dropped 31.2% or US$9,215,000 from the prior year period to US$20,349,000.

During the nine months ended 31 December 2017, the US dollar strengthened against the RM but weakened against the CAD which resulted in net negative currency impact on the Group's operating results for the period. If currency impact was excluded, the decreases in the Group's turnover and profit before income tax for the period would have been about 6.6% and 33.7% respectively.

Basic earnings per share for the nine months ended 31 December 2017 was US0.50 cents, compared with US0.85 cents in the corresponding period last year. As at 31 December 2017, the Group's cash and cash equivalents and short-term bank deposits amounted to US$108,068,000, an increase of 20.0% since 31 March 2017. Net assets per share attributable to owners of the Company was US12.20 cents. The Group's net gearing ratio was nil.

Commenting on the outlook of the remaining quarter, **Media Chinese's Group Chief Executive Officer, Mr Francis TIONG said**, "The remaining quarter for the financial year 2017/2018 is expected to remain tough and challenging for the Group. For the publishing and printing segment, advertising expenditure in the Group's core markets is expected to remain soft, while media consumption will continue its shift towards digital platforms. In addition, the newsprint price is expected to surge in the quarters ahead, which will further erode the segment's profit margins."

He added, "The travel segment will also continue to face challenges of competition from airlines, reducing margins and travel restrictions imposed by the US government, in addition to weak consumer sentiments which limit people's desire to travel."

"In order to remain competitive and profitable in this business environment, the Group will continue to grow its digital business while strengthening its cross platform marketing efforts. For the travel segment, the Group will strive towards introducing more attractive packages to exotic destinations. Meanwhile the Group will continue its cost optimisation initiatives across all operating units." Mr TIONG concluded.

– End –

Press Release

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 about 30 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