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 FOURTH QUARTER ENDED
31 MARCH 2017

Financial Highlights

	For the three months ended 31 March 2017 US$'000 (Unaudited)	For the three months ended 31 March 2016 US$'000 (Unaudited)	**Change %**
Turnover	**62,394**	70,899	**-12.0%**
Operating profit before provision for impairment of goodwill	**4,518**	6,466	**-30.1%**
Provision for impairment of goodwill	**(3,603)**	(1,957)	**-84.1%**
(Loss)/profit before income tax	**(36)**	3,311	**-101.1%**
EBITDA	**2,590**	6,298	**-58.9%**

	For the year ended 31 March 2017 US$'000	For the year ended 31 March 2016 US$'000	**Change %**
Turnover	**302,586**	349,126	**-13.3%**
Operating profit before provision for impairment of goodwill	**28,755**	44,598	**-35.5%**
Provision for impairment of goodwill	**(3,603)**	(1,957)	**-84.1%**
Profit before income tax	**20,775**	37,395	**-44.4%**
EBITDA	**32,154**	50,228	**-36.0%**

Press Release

(29 May 2017) - **Media Chinese International Limited** ("**Media Chinese**" which together with its subsidiaries, the "**Group**", HKSE Stock Code: 685, KUL Stock Code: 5090) today announced the unaudited results for the fourth quarter 31 March 2017.

For the three months ended 31 March 2017, the Group's turnover was US$62,394,000, which indicated a year-on-year decrease of 12.0% or US$8,505,000 from US$70,899,000 in the corresponding quarter last year. Revenue from the publishing and printing segment fell by 14.9%, whereas the travel segment reported an increase in revenue of 5.9%.

The Group reported a loss before income tax of US$36,000 compared to a profit before income tax of US$3,311,000 in the year-ago quarter. The Group recognised provisions for impairment of goodwill of US$3,603,000 and US$1,957,000 in the current and the prior-year quarters respectively. Excluding these provisions, the current quarter's profit before income tax would have been 32.3% below that of the same quarter last year. This was mainly attributed to the decline in revenue which impact was partly cushioned by savings resulted from the Group's strict adherence to cost control strategies as well as increased contribution from the Group's expanding digital business.

While the Canadian dollar ("CAD") strengthened slightly during the quarter under review, the Malaysian Ringgit ("RM") continued to weaken against the US dollar which resulted in a net negative currency impact on the Group's results for the quarter. If currency impact was excluded, the decrease in the Group's turnover and profit before income tax and provisions for impairment of goodwill would have been about 9.3% and 24.6% respectively.

EBITDA for the quarter was down by 58.9% to US$2,590,000 compared with US$6,298,000 in the corresponding quarter last year. It would have been a decrease of about 55.9% if currency impact was excluded.

Turnover of the Group's publishing and printing segment amounted to US$51,969,000 for the fourth quarter of 2016/2017, reflecting a decrease of 14.9% or US$9,087,000 from US$61,056,000 in the same quarter a year ago. The segment registered a profit before income tax of US$998,000, a decrease of 77.3% from US$4,387,000 in the corresponding quarter last year. However, it would have been a decrease of 27.5% or US$1,743,000 if the provisions for impairment of goodwill were excluded.

The Malaysian operations recorded a pre-tax profit margin of 21.6% in the current quarter. Turnover decreased by 17.4% while profit before income tax fell by 47.9% to US$3,978,000, mainly driven by lower advertising revenue, sluggish economic environment as well as weak consumer sentiment. Excluding currency impact, the decline in turnover and profit before income tax and provisions for impairment of goodwill would have been about 12.6% and 16.6% respectively.

The Group's turnover in Hong Kong, Taiwan and Mainland China also retreated by 9.9% to US$11,491,000 when compared with US$12,758,000 in the corresponding quarter a year ago. The lower segment performance was mainly attributed to the prolonged weak retail environment which adversely influenced advertisers' expenditure on the media market. The continued shift of advertisements from traditional to digital media further aggravated the challenges faced by the operations. However, the segment loss before income tax for the quarter narrowed to US$2,961,000 from US$3,236,000 a year earlier. This was mainly attributed to cost savings as well as higher contributions from the segment's digital and education business.

Against a background of slowing economic growth, turnover of the Group's North America segment dropped by 4.4% to US$4,392,000. Segment loss before income tax maintained at last year's level of US$19,000 attributed mainly to cost savings.

Turnover of the Group's travel business registered an increase of 5.9% or US$582,000 in the quarter under review to US$10,425,000 from US$9,843,000 in the corresponding quarter last year. The slight improvement was attributable to the segment's success in offering tours to new destinations in Scandinavia, South Africa and America which compensated for the decline in tours to Europe where the travel sentiment remained relatively weak. The segment reported a loss before income tax of US$138,000 compared to a profit before income tax of US$65,000 in the year-ago quarter.

For the year ended 31 March 2017, the Group's turnover decreased by 13.3% to US$302,586,000 when compared with US$349,126,000 in the previous financial year. Profit before income tax for the year fell 44.4% to US$20,775,000 from last year's US$37,395,000. The decreases in turnover and profit before income tax and provisions for impairment of goodwill would have been about 11.4% and 34.7% respectively if currency impact was excluded.

Both RM and CAD weakened against the US dollar during the year ended 31 March 2017, resulting in negative currency impact on the Group's turnover and profit before income tax of approximately US$6,816,000 and US$980,000 respectively for the year.

Basic earnings per share for the year ended 31 March 2017 was US0.90 cents, decreased by US0.68 cents or 43.0% from US1.58 cents in the previous year. As at 31 March 2017, the Group's cash and cash equivalents and short-term bank deposits totalled US$90,032,000. The Group's net assets per share attributable to owners of the Company amounted to US11.48 cents. The Group's net gearing ratio was nil.

The Board has declared a second interim dividend, in lieu of a final dividend, of US0.360 cents per ordinary share to be paid on 10 July 2017.

Looking ahead for the coming financial year, **Media Chinese's Group Chief Executive Officer, Mr Francis TIONG** said, "The Group remains cautious about the business conditions for the year ahead. China is tightening its capital outflows policies which may have adverse influence on the advertising and promotion budgets from advertisers especially for the property and luxury industries in the Greater China region. The US new administration's policies may also trigger some negative influence on the trade and business conditions that affect the Group's North America operations. Furthermore, the potential for further substantial cost savings is likely to be limited, particularly after several rounds of cost-cutting exercises throughout the Group."

"However, the probable 14th Malaysian General Election is expected to present favorable opportunities for advertising spending in 2017. The media market in Hong Kong is also expected to show some improvement driven by the 20th anniversary of the establishment of the HKSAR. In addition, the recent growth in the number of Mainland visitors to Hong Kong and the uptake in retail sales in March 2017 may also provide some boost to the advertising market. "

"Furthermore, the Group will continue to explore opportunities to broaden its revenue stream and to expand its presence in the digital market." 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 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).

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