



# Media Chinese International Limited Annual General Meeting

**11<sup>th</sup> August 2017**

Stock Code: (Malaysia) 5090 ; (Hong Kong) 685

# Agenda

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## **(1) Overview**

## **(2) Performance Review**

- **Market Highlights**
- **Financial Performance**

## **(3) Strategic Update**

## **(4) Outlook**

## **(5) Questions from Minority Shareholder Watchdog Group**



**(1) Overview**

# Geographic Diversity

**Media Chinese**  
**(Dual Primary Listed)**



# Publishing – Newspapers and Magazines

星洲日報  
SIN CHEW DAILY

中國報  
CHINA PRESS

明報

南洋商報  
NANTANG SIANG PAU

光明日報  
Guang Ming DAILY

亞洲週刊  
YAZHOU ZHOUKAN

明報 月刊

明周

TopGear

TopGear  
汽车测试报告

TopGear

ming's

MINGWATCH 明錶

明表 MINGWATCH

MINGWATCH PLUS  
明錶+ Watch + Lifestyle and more

100毛

学海

星星周刊  
SINARAN SIN CHEW

小星星  
BINTANG SIN CHEW

南洋学生  
Mingguan Pelajar Nanyang

新生活報

風采 feminine

NEWTIDE

都会佳人 CITTA Bella

囍 My Wedding

SWOOG HOME

美味 風采  
Oriental Cuisine

Mommy Baby  
妈咪宝贝

Let's travel  
吃風

城市网络 CityNET

號外周報  
SPECIAL WEEKLY

釣魚 月刊  
Food & Life

PANGING

PETS  
宠物報

# Digital/New Media – e-Papers, e-Magazines, websites & mobile apps

## Online Media (Southeast Asia)



## Online Media (Hong Kong)



## Online Media (Mainland China)



## Online Media (Canada)



## Mobile Media



A world map with different regions highlighted in various colors: North America (green), South America (yellow), Europe (yellow), Africa (orange), Asia (light blue), and Australia (yellow).

## (2) Performance Review

- **Market Highlights**

# Market Share in Peninsular Malaysia and Hong Kong

Peninsular Malaysia		Period from 1 Jan 2016 to 31 Dec 2016	
Chinese Newspapers	Readership	Ranking in Malaysia	
<b>Sin Chew</b>			
- Sin Chew Daily	1,123,000	<b>No. 1</b>	
- Guang Ming Daily	182,000	<b>No. 3</b>	
<b>Nanyang</b>			
- China Press	812,000	<b>No. 2</b>	<b>with PMEB focus</b>
- Nanyang Siang Pau	51,000		
<b>SCMC &amp; NPH SUB TOTAL</b>	<b>2,168,000</b>		

Source: (Q42016 Nielsen Consumer & Media View – excluding market share in East Malaysia)

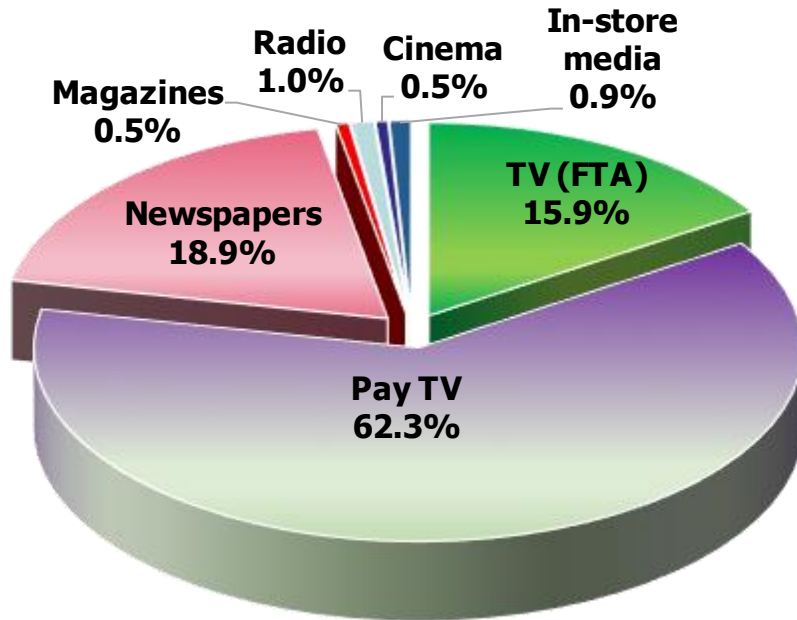
HONG KONG		Period from 1 Jan 2016 to 31 Dec 2016	
Chinese Newspapers	Readership		
Ming Pao Daily News (Print + Online)	403,000	<b>Highly recognized as a reputable and credible Chinese newspaper</b>	

Source: (The Chinese University of Hong Kong , “Hong Kong Newspaper Reading” Study 2016 Report)



# Adex for April 2016 to March 2017 in Malaysia

## YTD Adex (Apr'16 to Mar'17)



**Total Adex (Apr'16 to Mar'17): RM18,072m**

**↑ 13.0%**

Total Adex (Apr'15 to Mar'16): RM15,995m

## Total Adex (RM)

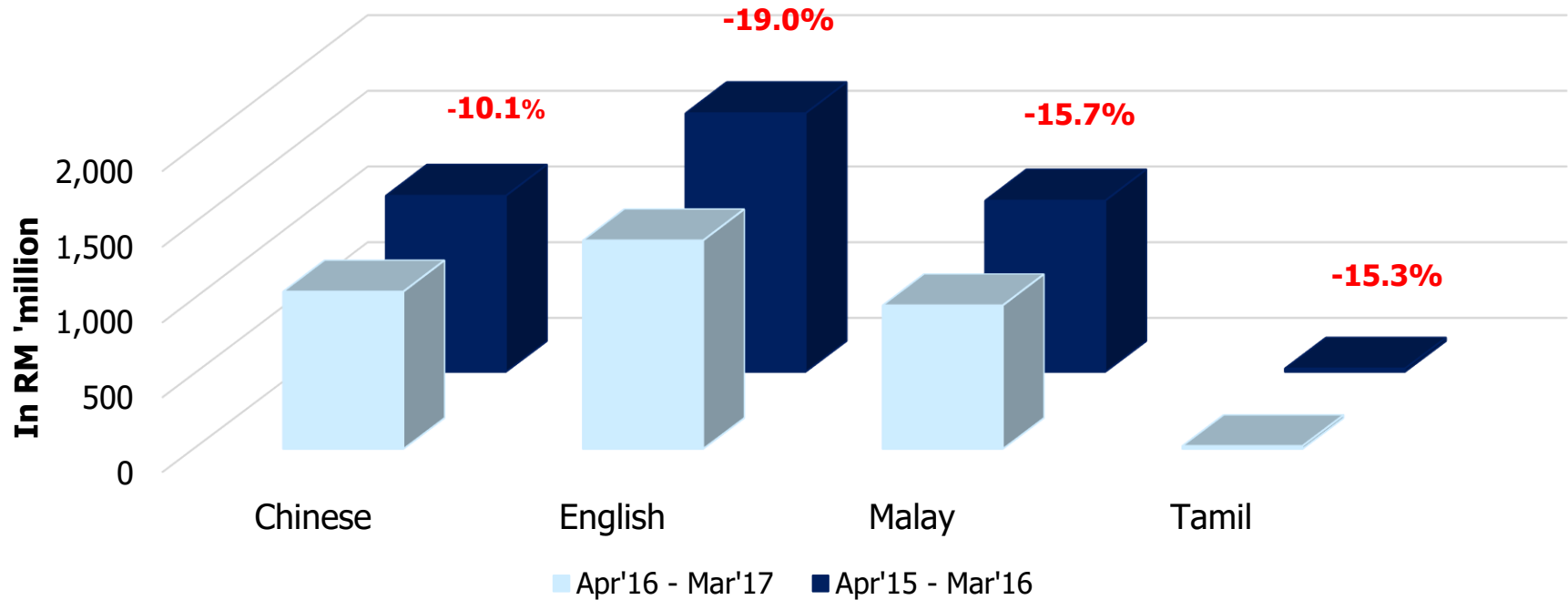
<b>Newspapers</b>	: 3,409m	} ↓ 15.7%
<b>Magazines</b>	: 98m	
TV (FTV)	: 2,870m	} ↑ 23.1%
Pay TV	: 11,264m	
Radio *	: 176m	
In-store media	: 162m	
Cinema	: 93m	

**Newspaper** : -15.5%  
**Magazines** : -21.7%

TV (FTA) : +1.5%  
Pay TV : +31.6%  
Radio \* : -8.9%  
In-store media : -13.0%  
Cinema : +28.4%

\* Excluded Astro radio

# Total Newspapers Adex in Malaysia

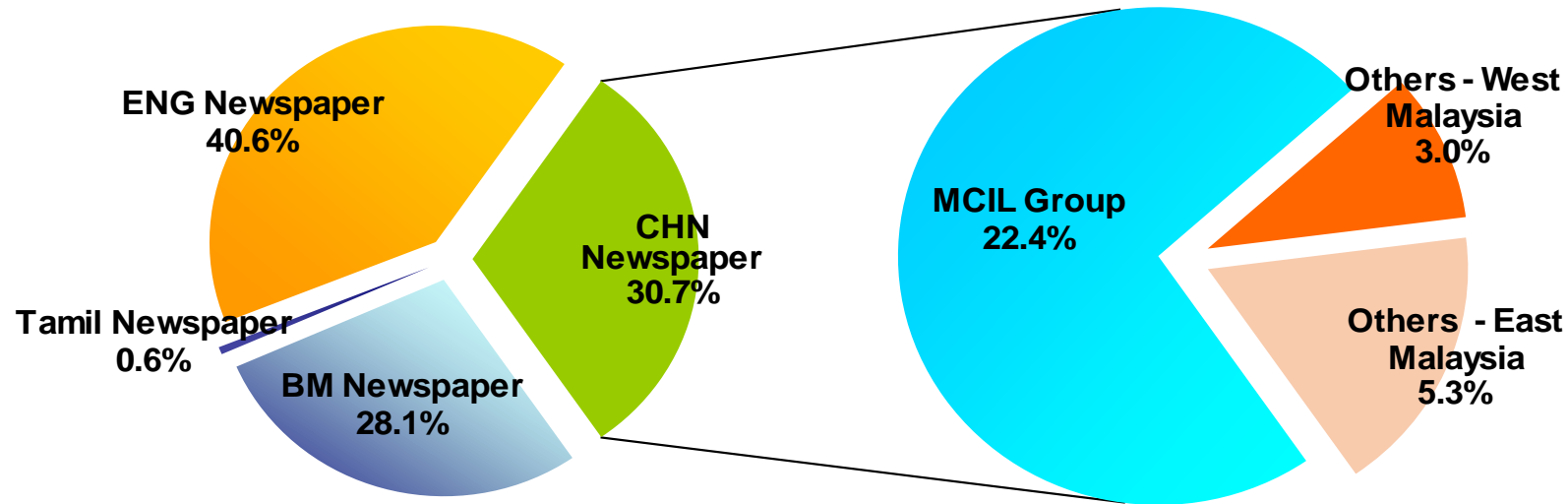


	<b>Chinese</b> (In RM 'm)	<b>English</b> (In RM 'm)	<b>Malay</b> (In RM 'm)	<b>Tamil</b> (In RM 'm)	<b>Total</b> (In RM 'm)
<b>Apr'16 - Mar'17</b>	1,047.8	1,385.6	956.5	18.8	3,408.7
<b>Apr'15 - Mar'16</b>	1,166.2	1,711.3	1,134.6	22.2	4,034.3

Source: Independent Market Research Companies  
(Adex Numbers have not taken into consideration the discounting factor)

# Share of Chinese Newspapers Advertising Expenditure In Malaysia For Apr-16 to Mar-17

## NEWSPAPERS ADEX



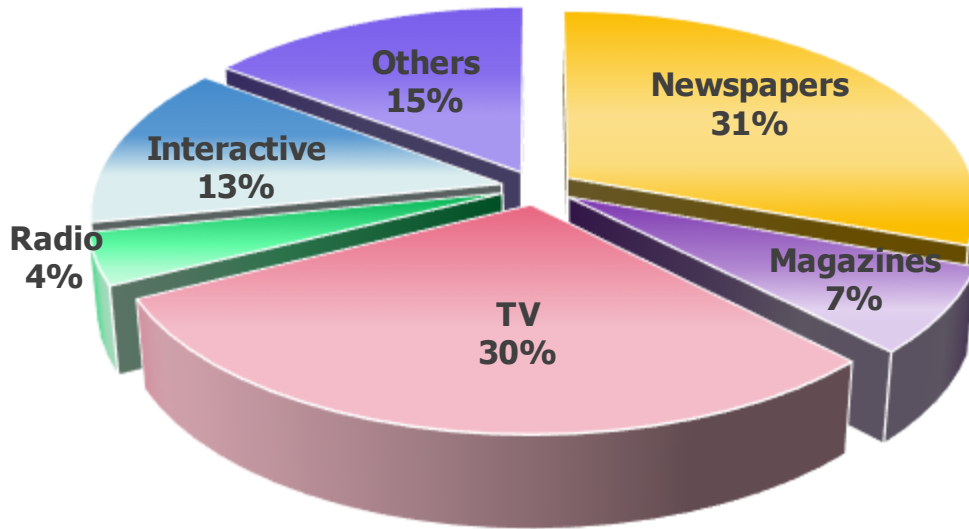
Adex for Total Newspapers : RM3,409 million

Chinese Newspapers in West Malaysia: RM 774 million

Chinese Newspapers in East Malaysia : RM 274 million

# Adex for April 2016 to March 2017 in Hong Kong

## YTD Adex (Apr'16 to Mar'17)



**Total Adex (Apr'16 to Mar'17): HKD102,633m**

**↓ 9.9%**

Total Adex (Apr'15 to Mar'16): HKD113,861m

## Total Adex (HKD)

<b>Newspapers</b>	: 31,337m	} ↓ 16.2%
<b>Magazines</b>	: 7,331m	
TV	: 30,720m	} ↓ 5.5%
Radio	: 4,367m	
Interactive	: 13,757m	
Others	: 15,121m	

**Newspaper** : -11.1%  
**Magazines** : -32.9%

TV : -8.7%  
Radio : +2.9%  
Interactive : -4.8%  
Others : -1.7%



## (2) Performance Review

- Financial Performance

# Group Results Summary

For the year ended 31 March

(US\$' 000)	2017	2016
Turnover	<b>302,586</b>	349,126
Profit before income tax	<b>20,775</b>	37,395
Profit attributable to owners of the Company for the year	<b>15,156</b>	26,649
EBITDA	<b>32,154</b>	50,228
EBITDA Margin (%)	<b>10.6%</b>	14.4%

# Financial Position

As at 31 March

(US\$ '000)	2017	2016
Total assets	<b>308,806</b>	402,940
Net assets	<b>197,315</b>	218,727
Cash and cash equivalents and short-term bank deposits	<b>90,032</b>	140,950
Shareholders funds	<b>193,694</b>	213,024
Net assets per share (US cents)	<b>11.48</b>	12.63
Basic earnings per share (US cents)	<b>0.90</b>	1.58
Net gearing ratio	<b>Nil</b>	Nil
Return on equity	<b>7.6%</b>	13.1%

# Segment Results

For the year ended 31 March 2017

(US\$ '000)	Malaysia & other SEA countries	Hong Kong, Taiwan & PRC	North America	Publishing & Printing Sub-total	Travel	Total
Turnover	162,080	53,498	17,599	233,177	69,409	302,586
Segment profit/(loss) before income tax	28,301	(3,798)	(1,057)	23,446	2,464	25,910

For the year ended 31 March 2016

(US\$ '000)	Malaysia & other SEA countries	Hong Kong, Taiwan & PRC	North America	Publishing & Printing Sub-total	Travel	Total
Turnover	186,387	60,848	19,186	266,421	82,705	349,126
Segment profit/(loss) before income tax	39,619	(1,821)	(996)	36,802	6,250	43,052



# Dividends

	FY 2017	FY 2016
First Interim Dividend (US cents)	<b>0.360</b>	0.500
Second Interim Dividend (US cents)	<b>0.360</b>	0.600
<b>Total Dividend (US cents)</b>	<b>0.720</b>	1.100
Dividend Pay-out Ratio (as a % of PATAMI)	<b>80%</b>	70%
Share Price as at 31 March	<b>RM0.64</b>	RM0.72
Dividend Yield as at 31 March	<b>5.0%</b>	6.0%



## (3) Strategic Update

# Strategic Update – Malaysia

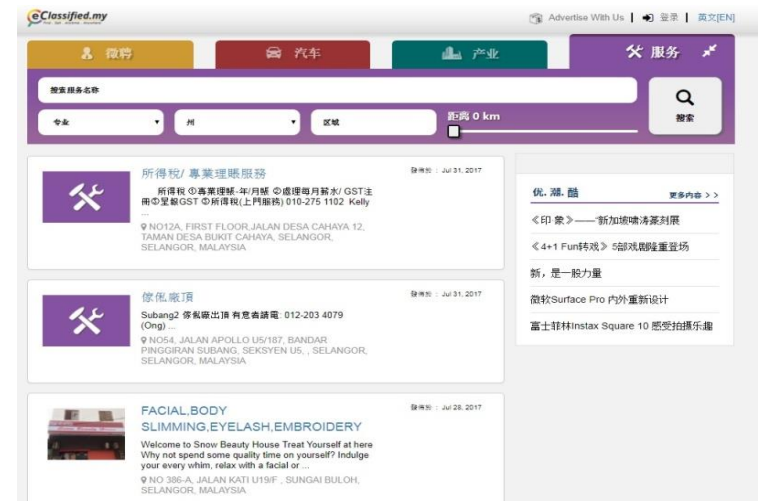
## Sin Chew E-Paper



- ✧ Organised various activities e.g. “Sin Chew Best Story” 《星劇本》 contest to engage the young generation towards our media platforms.
- ✧ Added new function to e-paper apps, i.e. “Micro Film Section” 《微影視》 for digital generation to share their experiences via short videos and “Lifestyle Blog” 《生活志》 for fun, food and fashion.
- ✧ Achieved more than 121,000 e-subscribers for both day and night editions.

# Strategic Update – Malaysia (cont'd)

## China Press Mobile App



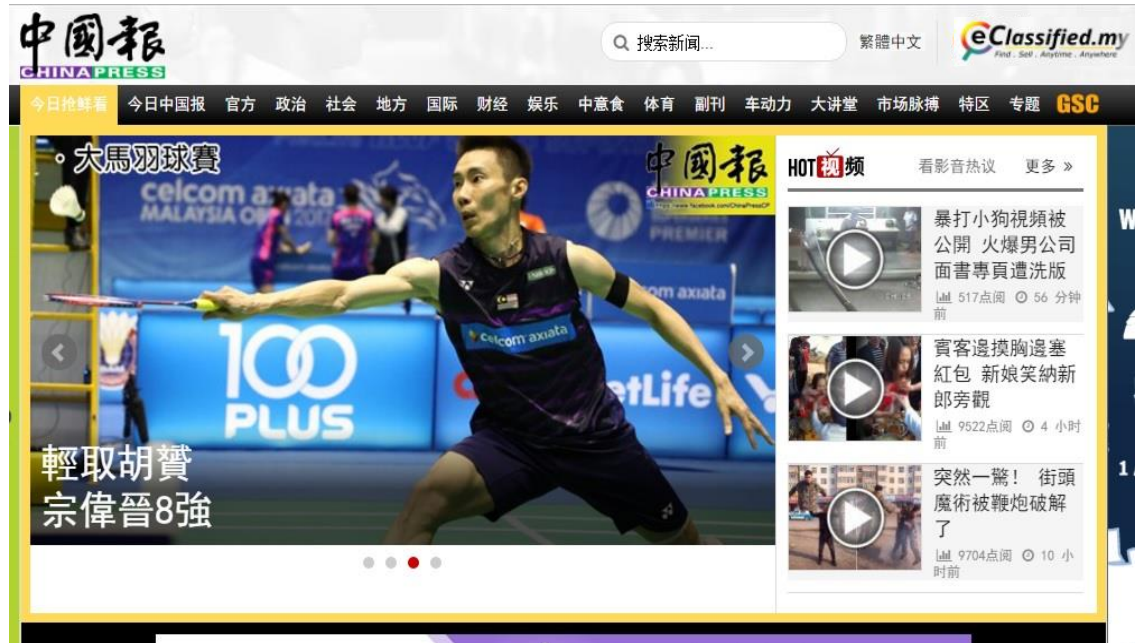
- 📱 Launched in March 2016
- 📱 Accumulated download users > 85,000
- 📱 Monthly Impressions > 7 million
- 📱 Monthly Screen Views > 20 million

- 📱 Launched in June 2016
- 📱 Complete classified portal with 4 main category, i.e. Jobs, Cars, Property and Services

# Strategic Update – Malaysia (cont'd)

## Chinapress.com.my Website

- In 2017, Website monthly Pageviews doubled up to 60 million on average as compared to 30 million in 2016.
- Unique Visitors increased from 3 million to 5.9 million on year-on-year basis.



**Over 60 Million  
Monthly Page Views**

**Mobile Traffic  
80%**

**5.9 Million  
Unique  
Visitors**





## Pocketimes Online Video Portal



- ▶ Upgraded version of “*Pocketimes Plus*” was launched with more lifestyle content.
- ▶ Presented more new programs such as a 23-episodes health related program, food and Detective Le lifestyle program with Sin Chew e-paper.
- ▶ Providing audiences with diversified mix and match advertisement package, from websites display ads to creative buys such as print or video advertorial and social media exposure.

# Strategic Update – Malaysia (cont'd)

## LOGON e-Marketplace






**BUY NOW**

OR



CALL-TO-BUY  
**03-7953 3338**  
Mon – Sat 9am – 6pm

-  Expanding e-commerce 'business to business to consumer (B2B2C)' model to include 'business to consumer (B2C)' model for higher profit margin.
-  Introducing 'call-to-buy' and 'cash-on-delivery' features to enable a friendlier buying experience for home-shoppers.
-  Organising various events, talks and HRDF-approved seminars, such as Stocks Investment, Goods and Service Tax, Digital Marketing and Cyber Security forums, etc.

# Strategic Update – Malaysia (cont'd)

## Health and Wellness



Launched  
in  
Dec 2016

<http://easily.sinchew.com.my>



Introduced specific topic features, e.g. health and wellness, education and personal wealth management in both print and digital platforms, with an aim to broaden advertising revenue streams with targeted audiences.

Co-founded the CO3 (COnnectivity, COllaboration and COmmunity) social office project to provide co-working and office spaces in Malaysia and other ASEAN countries. The first CO3 office location in Puchong had been launched on 27 July 2017 with the next target in Petaling Jaya.





# Strategic Update – Malaysia (cont'd)

## MCIL Malaysian Operations, total strength ....

星洲网  
sinchew.com.my

中國報  
CHINA PRESS  
chinapress.com.my

南洋  
您的創富伙伴  
cnanyang.my

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**WEBSITES**

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生活杂志  
Life Magazines  
lifemagazines.com.my

光明日報  
guangming.com.my

百格  
pocketimes.my



**11.1 million**  
Unique Visitors per month

**106.6 million**  
Pageviews per month



**5.9 million**  
Facebook Followers

**3.5 million**  
Video Views per month

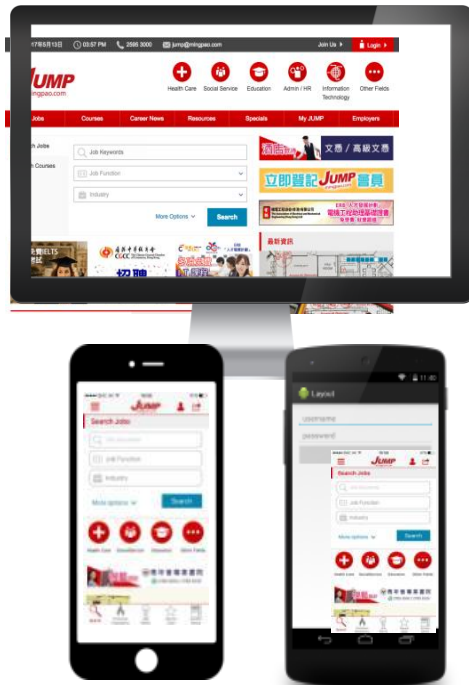


# Strategic Update – Hong Kong

## 1) Technology update



Totally Revamped in Oct 2016



Mingpao.com Homepage Redesigned



# Strategic Update – Hong Kong (cont'd)

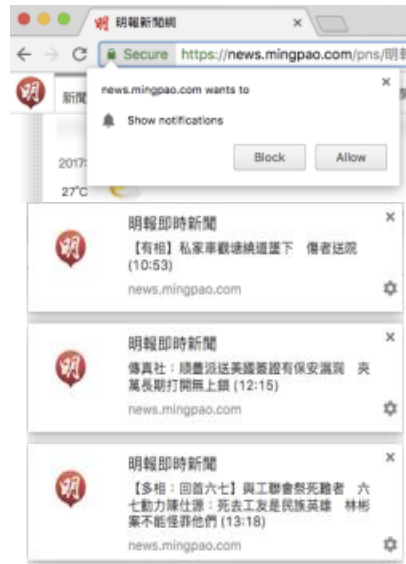
## 1) Technology update (Push Notification)



- **App Push**

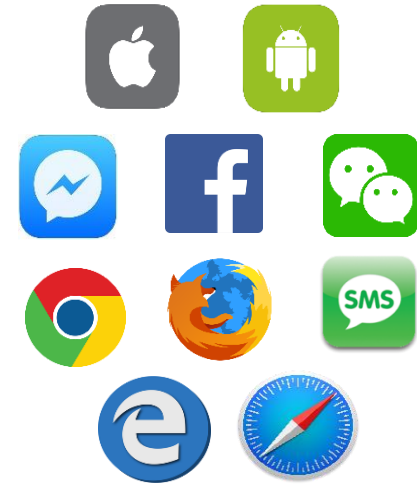
- Text messages
- User-controlled push queue
- Multimedia messages (next phase)

明報新聞網



- **Browser Push**

- Supports Chrome & Firefox (>70%)
- Safari & Edge (next phase)



- **Push as a Service**

- All-in-one push solution
- Cover most popular platforms (App Push + Browser Push + Facebook Push + WeChat Push + SMS)
- Dashboard & Analytics
- Subscription packages

## 2) Digital Performance (Ming Pao Daily News)

Total readership experienced a U-turn to 403,000, main engine lays on digital growth which reported as over digital 250,000 readership

*(Source: The Chinese University of Hong Kong "Hong Kong Newspaper Reading" study 2016 report<sup>1</sup>)*

With effort from 15 different Facebook pages under Ming Pao umbrellas, by July 2017, we have around 624,000 fans and ranked as 2nd most liked facebook page amongst Chinese newspapers in Hong Kong and reached 335,000 fans for mingpao.com instant news

*(Source: Socialbakers)*

# Strategic Update – Hong Kong (cont'd)

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## 2) Digital Performance (Ming Pao Daily News)

Mingpaonews.com website reached its record high of 3.6M users in June 2017, after the “Yellow Umbrella” movement in October 2014.

In the last quarter we revamped our main page (mingpao.com) desktop version and mobile version is now under UAT (user acceptance test), plan to roll out in this quarter to perform as a viable directory function and fully capitalize mobile user’s traffic.

This revamp has jumped from 2M last quarter to 2.5M pageview this quarter, also representing 50% YOY growth. It is the highest point over last 10 years since July 2008.

*(Source: Google Analytics)*

Market ranking (May 2017)

The 7<sup>th</sup> website and the 6<sup>th</sup> mobile website and app audience in News/Information category in HK.

*(Source: comScore)*

# Strategic Update – Hong Kong (cont'd)

## 3) Digital Development (Ming Pao Daily News)

Launched video content from investment experts on daily or trading days basis



Building up LIVE content at Mingpao OL Facebook





## (4) Outlook

## Outlook Statement FY2018

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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 favourable opportunities for advertising spending in FY2018. The media market in Hong Kong is also expected to show some improvement driven by the 20<sup>th</sup> 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.





**(5) Questions from Minority  
Shareholder Watchdog Group**

# Questions from Minority Shareholder Watchdog Group – Strategic/Financial Matters

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## Question 1 (a):

For the year ended 31 March 2017, turnover of the publishing and printing operations in Malaysia declined by 13% from US\$186.4 million recorded in FY2016 while digital business sales recorded a double digit growth compared with FY2016.

(a) What was the ratio of the revenue from digital business to the revenue from traditional print media business for FY2017? Moving forward, how far would the ratio expected to move towards revenue from digital business?

## Answer:

The ratio of the revenue from digital business was 3.2% to the revenue from traditional print media business for FY2017. Moving forward, the growth in digital business should be very encouraging because the transition from print to digital is an on-going media journey which will take time to mature.

# Questions from Minority Shareholder Watchdog Group – Strategic/Financial Matters

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## Question 1 (b):

For the year ended 31 March 2017, turnover of the publishing and printing operations in Malaysia declined by 13% from US\$186.4 million recorded in FY2016 while digital business sales recorded a double digit growth compared with FY2016.

(b) Excluding all the non-operational adjustments, such as adjustment for impairment or currency translation etc., would the growth in digital business expected to be sufficiently cushion the declining revenue in traditional print media business in the next three to five years?

# Questions from Minority Shareholder Watchdog Group – Strategic/Financial Matters

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## Answer 1 (b):

The traditional print media is declining around the world, and the Malaysian media industry is no exception.

Although the digital media landscape is growing at an exponential rate, but the decline in traditional print media business will continue to accelerate in the near future. To compensate for any shortfall in revenue while the print media is transitioning to digital media, the Group has diversified and started a transformation process to secure new revenue streams. This transformation is an on-going process for the next three to five years in order to give digital media more time and opportunity to grow to be a sustainable business in the long term.

# **Questions from Minority Shareholder Watchdog Group – Strategic/Financial Matters**

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## **Question 2:**

**The Company had on 22 July 2016 entered into the Share Transfer Agreement to dispose the entire equity interest in One Media. We noted that the Share Transfer Long Stop Date have been extended a few times. In the latest announcement on 30 June 2017, the date was extended to 31 August 2017.**

**To date, what are the conditions precedent under the Share Transfer Agreement that have yet to be fulfilled and would the transaction expected to be completed in FY2018?**

# Questions from Minority Shareholder Watchdog Group – Strategic/Financial Matters

## Answer 2:

We refer to our latest Voluntary Announcement made on 1 August 2017, none of the conditions precedent to the Share Transfer Agreement has been satisfied or waived by Qingdao West Coast Holdings (Internation) Limited (the “Purchaser”).

Presently, the independent financial adviser of One Media has asked for further information to assist it in considering whether the Special Deals as stated in the joint announcement of One Media and the Purchaser dated 1 March 2017, is fair and reasonable. Under the current circumstances, it is unlikely that the Share Transfer Agreement can be completed before the Long Stop Date of 31 August 2017.

Further announcements will be made by the Company to update the progress, as and when appropriate.

# Questions from Minority Shareholder Watchdog Group – Strategic/Financial Matters

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## Question 3 (a):

For the FY2017, the Group's travel segment reported a total turnover of US\$69.4 million, representing a year-on-year decline of 16.1% while segment profit before tax fell 60.6% or US\$3.786 million to US\$2.464 million.

**(a) What was the percentage of revenue generated from domestic, inbound and outbound tours in FY2017 & FY2016?**

## Answer:

Revenue for the Group's travel segment, which has operations in Hong Kong and North America, is generated from inbound and outbound tours. The relative proportions of revenue from the inbound and outbound businesses in FY2017 were 15% : 85% (FY2016 – 10% : 90%).

# Questions from Minority Shareholder Watchdog Group – Strategic/Financial Matters

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## Question 3 (b):

For the FY2017, the Group's travel segment reported a total turnover of US\$69.4 million, representing a year-on-year decline of 16.1% while segment profit before tax fell 60.6% or US\$3.786 million to US\$2.464 million.

(b) What are the measures or strategies to be adopted to improve the performance of the segment?



# Questions from Minority Shareholder Watchdog Group – Strategic/Financial Matters

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## Answer 3 (b):

Being a service provider for worldwide travelers, the Group considers positive customer experience as its most valuable asset. It has always been the Group's core strategy to provide customers with high level of services at each stage of their trip so they can have the best travel experience with the Group. Our strategy is to grow the travel business through the provision of consistently high quality services to our customers. Towards this end, the Group has been constantly improving its existing services as well as developing new and unique tour products that cater for the travelers' demands. The Group also explores new markets and seeks acquisition opportunities to accelerate growth.

# Questions from Minority Shareholder Watchdog Group – Strategic/Financial Matters

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## Question 3 (c):

For the FY2017, the Group's travel segment reported a total turnover of US\$69.4 million, representing a year-on-year decline of 16.1% while segment profit before tax fell 60.6% or US\$3.786 million to US\$2.464 million.

(c) Could the Board share the insight on the outlook of the Malaysia travel industry in general and the Travel Segment of the Group in specific?

## Answer:

The Group does not have any travel business in Malaysia.

# Questions from Minority Shareholder Watchdog Group – Strategic/Financial Matters

## Question 4 (a):

For FY2017, the Group's advertising income was US\$165.2 million, representing 55% of the Group's revenue. The revenue was 13% or US\$25 million lower than the amount recorded in FY2016.

(a) What was the advertising income from the print media and the digital media, in percentage, illustrate with comparison of the percentage in the last three years?

## Answer:

The relative proportions of advertising income from the print media and the digital media in the last three years were:

- FY2017 (95.3% : 4.7%)
- FY2016 (97.0% : 3.0%)
- FY2015 (97.6% : 2.4%)

# Questions from Minority Shareholder Watchdog Group – Strategic/Financial Matters

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## Question 4 (b):

For FY2017, the Group's advertising income was US\$165.2 million, representing 55% of the Group's revenue. The revenue was 13% or US\$25 million lower than the amount recorded in FY2016.

**(b) What was the Group's share of advertising expenditure (ADEX) in Chinese dailies?**

## Answer:

According to independent market researches for FY2017, the Group's share of ADEX in Chinese newspapers in Malaysia was about 73.0% and for paid Chinese newspapers in Hong Kong was about 10.8%.

# Questions from Minority Shareholder Watchdog Group – Strategic/Financial Matters

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## Question 4 (c):

For FY2017, the Group's advertising income was US\$165.2 million, representing 55% of the Group's revenue. The revenue was 13% or US\$25 million lower than the amount recorded in FY2016.

(c) Given the weak sentiment of ADEX is expected to prolong, would the Company implement any strategies to reduce reliance on ADEX as the main source of revenue? If yes, please share the strategies.

## Answer:

For the newspaper industry, advertising revenue remains the primary income source and is still largely coming from the print, though revenue from the digital media is rapidly growing. In light of the fast changing media landscape, innovation and transformation are the keys to sustainability. The Group has always been on the look-out to explore new business opportunities and revenue streams, particularly in digital, in order to grow and strengthen the Group's competitiveness.

# Questions from Minority Shareholder Watchdog Group – Strategic/Financial Matters

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## Question 5:

As at 31 March 2017, trade receivables amounted to US\$12.5 million were past due but not impaired and US\$2.3 million were past due and fully impaired. It was assessed that a portion of the receivables was expected to be recovered.

**What was the amount recovered to-date?**

## Answer:

The percentage of amount recovered up to 31 July 2017 on the US\$12.5 million was about 86.0 % and on the US\$2.3 million was about 5.4%.

# Questions from Minority Shareholder Watchdog Group – Corporate Governance Matter

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## Question 1:

The Company had tabled a resolution to retain Mr. David Yu, who has served on the Board for 17 years as an independent director.

We hope the Board would take cognisance of the requirements under the Practice 4.2 of the Malaysian Corporate Governance Code 2017 which states that if the Board continues to retain independent director after the twelfth year, the Board should seek annual shareholders' approval through a two-tier process.

## Answer:

The Board took note of the above requirements.

**Thank You**



## Forward Looking Statements

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This presentation includes certain forward-looking statements. All statements, other than statements of historical facts, that address activities, events or developments that Media Chinese International Ltd expects or anticipates will or may occur in the future are forward-looking statements. Media Chinese International Ltd.'s actual results or developments may differ materially from those indicated by these forward-looking statements as a result of various factors and uncertainties, including but not limited to price fluctuations, actual demand, exchange rate fluctuations, market shares, competition, environmental risks, changes in legal, financial and regulatory frameworks, international economic and financial market conditions, political risks, project delay, project approval, cost estimates and other risks and factors beyond the control of Media Chinese International Ltd. In addition, Media Chinese International Ltd makes the forward-looking statements referred to in this presentation as of today and undertakes no obligation to update these statements.