



Media Chinese International Limited Annual General Meeting

14th August 2018

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

Agenda

(1) Performance Review

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

(2) Strategic Update

(3) Outlook

(4) Questions from Minority Shareholder Watchdog Group

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).

(1) Performance Review

- Market Highlights

Market Share in Peninsular Malaysia and Hong Kong

Peninsular Malaysia		Period from 1 Jan 2017 to 31 Dec 2017
Chinese Newspapers	Readership	Ranking in Malaysia
- Sin Chew Daily	884,000	No. 1
- China Press	667,000	No. 2
- Guang Ming Daily	197,000	No. 3
- Nanyang Siang Pau	60,000	with PMEB focus
SUB TOTAL	1,808,000	

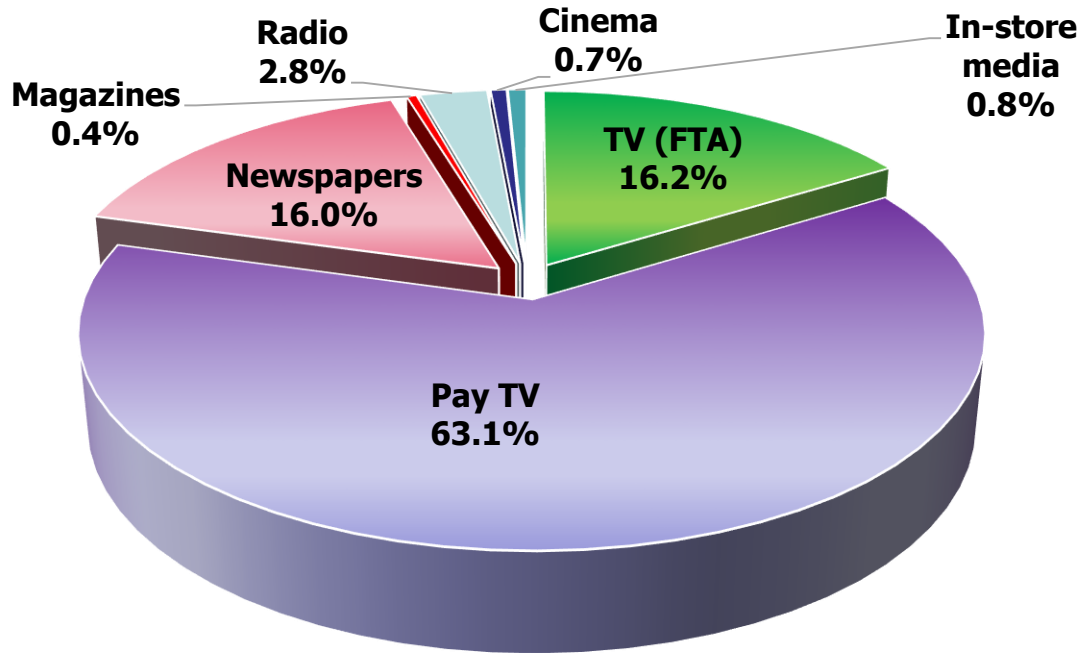
Source: (Q4 2017 Nielsen Consumer & Media View – excluding market share in East Malaysia)

HONG KONG		Period from 1 Jan 2017 to 31 Dec 2017
Chinese Newspapers	Readership	
Ming Pao Daily News (Print + Online)	423,000	Highly recognized as a reputable and credible Chinese newspaper

Source: (The Chinese University of Hong Kong , “Hong Kong Newspaper Reading” Study 2017 Report)

Adex for April 2017 to March 2018 in Malaysia

YTD Adex (Apr'17 to Mar'18)



Total Adex (Apr'17 to Mar'18): RM16,990m

↓ 7.6%

Total Adex (Apr'16 to Mar'17): RM18,390m

Total Adex (RM)

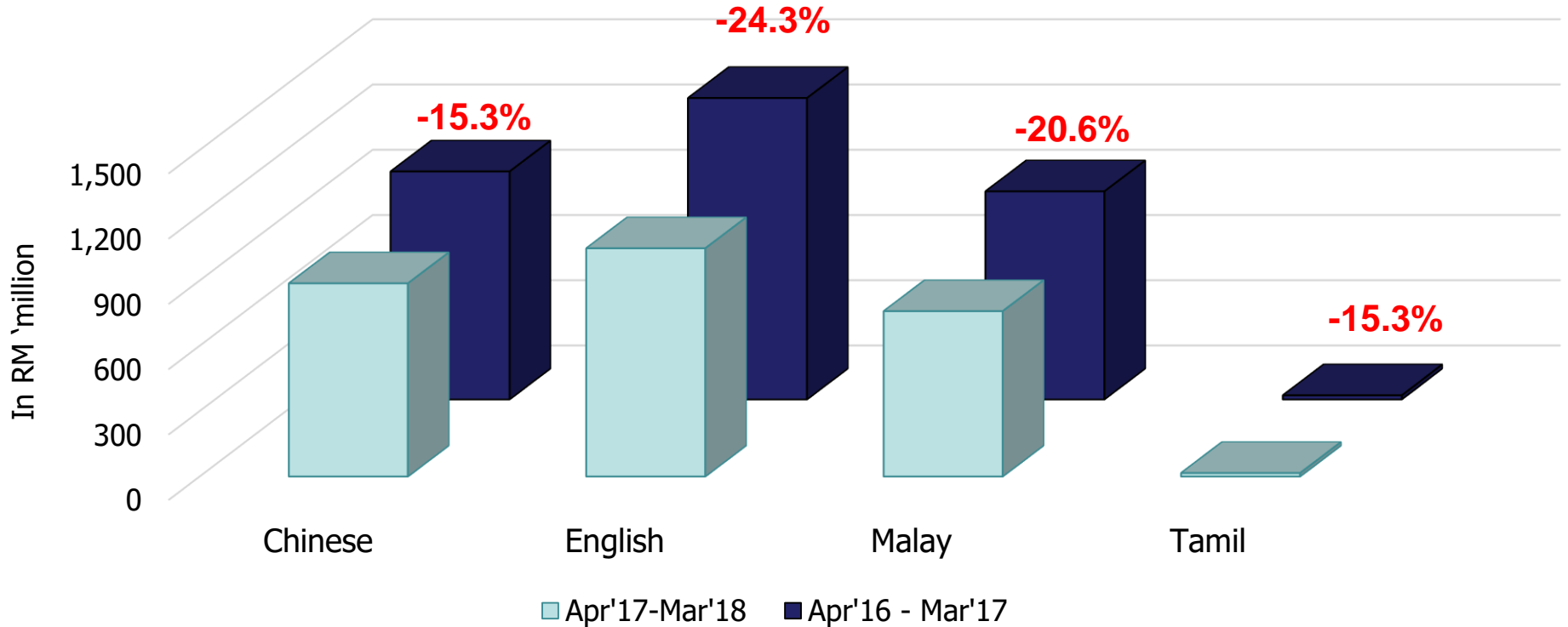
Newspapers : 2,711m
Magazines : 71m } **↓ 20.7%**

TV (FTV) : 2,757m
Pay TV : 10,724m
Radio : 483m
In-store media : 131m
Cinema : 113m } **↓ 4.5%**

Newspapers : -20.5%
Magazines : -26.8%

TV (FTV) : -3.9%
Pay TV : -4.9%
Radio : -0.8%
In-store media : -19.2%
Cinema : +21.4%

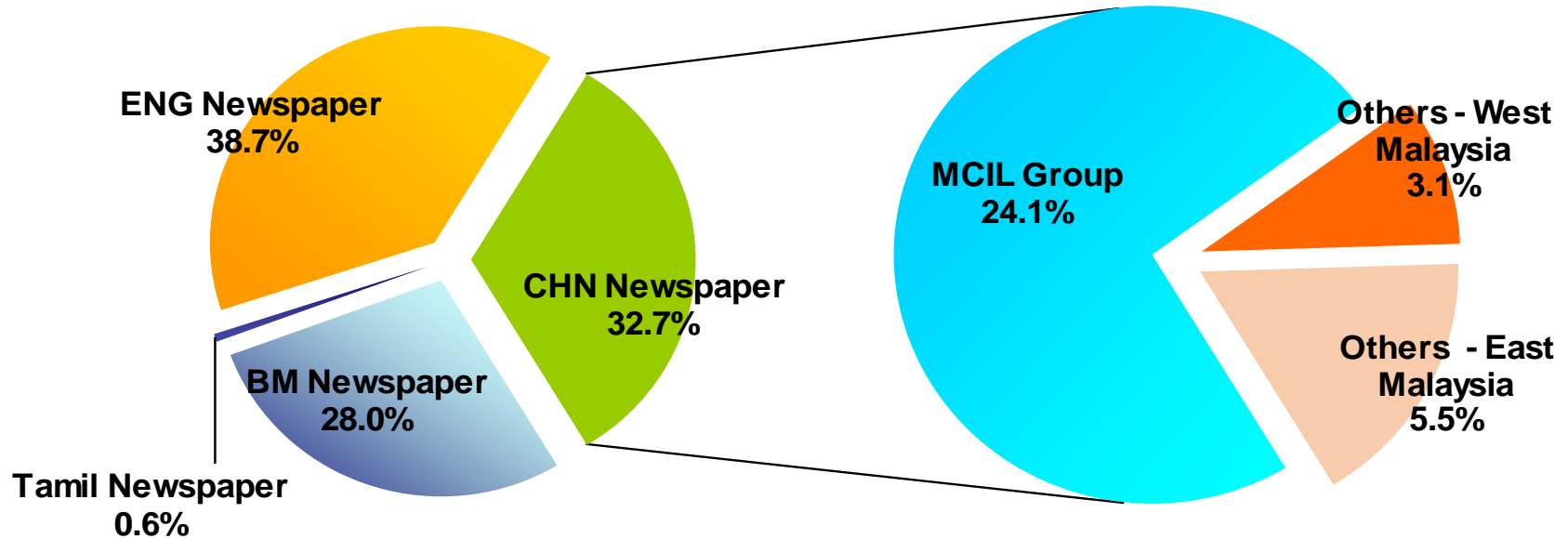
Total Newspapers Adex in Malaysia



	Chinese	English	Malay	Tamil	Total
	(In RM 'm)	(In RM 'm)	(In RM 'm)	(In RM 'm)	(In RM 'm)
Apr'17 - Mar'18	887.1	1,048.3	759.2	15.9	2,710.5
Apr'16 - Mar'17	1,047.8	1,385.6	956.5	18.8	3,408.7

Share of Chinese Newspapers Advertising Expenditure In Malaysia For Apr-17 to Mar-18

NEWSPAPERS ADEX



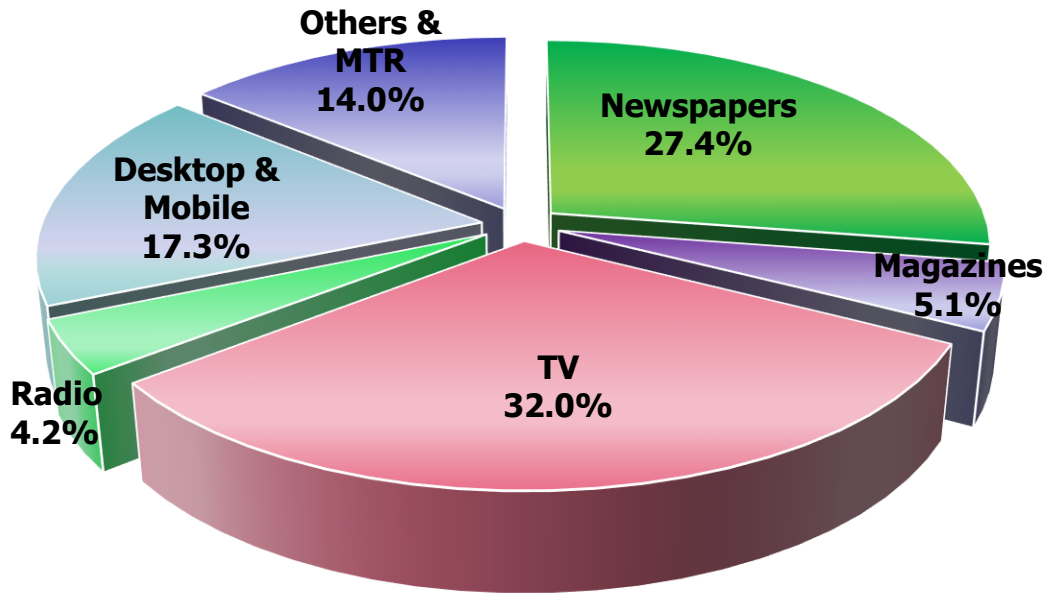
Adex for Total Newspapers : RM2,711 million

Chinese Newspapers in West Malaysia: RM 650 million

Chinese Newspapers in East Malaysia : RM 237 million

Adex for April 2017 to March 2018 in Hong Kong

YTD Adex (Apr'17 to Mar'18)



Total Adex (Apr'17 to Mar'18): HKD107,383m

↑ 4.7%

Total Adex (Apr'16 to Mar'17): HKD102,607m

Total Adex (HKD)

Newspapers	:	29,447m	} ↓ 9.7%
Magazines	:	5,468m	
TV	:	34,382m	} ↑ 13.3%
Radio	:	4,448m	
Desktop & Mobile	:	18,590m	
Others & MTR	:	15,048m	

Newspapers	:	-6.0%
Magazines	:	-25.4%

TV	:	+11.9%
Radio	:	+1.9%
Desktop & Mobile	:	+35.1%
Others & MTR	:	+0.3%



(1) Performance Review

- Financial Performance

Group Results Summary

For the year ended 31 March

(US\$' 000)	2018	2017
Turnover	284,963	302,586
Profit before goodwill & machinery provision	18,981	24,413
(Loss)/Profit before income tax	(6,874)	20,775
(Loss)/Profit attributable to owners of the Company for the year	(11,485)	15,156
EBITDA	8,687	32,154
EBITDA Margin (%)	3.0%	10.6%

Financial Position

As at 31 March

(US\$ '000)	2018	2017
Total assets	331,757	308,806
Net assets	201,768	197,315
Cash and cash equivalents and short-term bank deposits	120,235	90,032
Shareholders funds	197,669	193,694
Net assets per share (US cents)	11.72	11.48
(Loss)/earnings per share (US cents)	(0.68)	0.90
Net gearing ratio	Nil	Nil
Return on equity	-5.7%	7.6%

Segment Results

For the year ended 31 March 2018

(US\$ '000)	Malaysia & other SEA countries	Hong Kong, Taiwan & PRC	North America	Publishing & Printing Sub-total	Travel	Total
Turnover	142,848	51,583	15,662	210,093	74,870	284,963
Segment profit/(loss) before income tax *	(2,959)	(585)	(2,533)	(6,077)	2,361	(3,716)

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	(3,363)	(1,057)	23,881	2,464	26,345

* Before unallocated finance costs and other net unallocated expenses

Dividends

	FYE 2018	FYE 2017
First Interim Dividend (US cents)	0.250	0.360
Second Interim Dividend (US cents)	0.180	0.360
Total Dividend (US cents)	0.430	0.720
Dividend Pay-out Ratio (as a % of PATAMI)	* 50%	80%
Share Price as at 31 March	RM0.37	RM0.64
Dividend Yield as at 31 March	4.49%	4.98%

* % based on adjusted PATAMI



(2) Strategic Update

Sin Chew Daily Editorial Content

Introduced specific topic features

I.e. We, Seeking truth, warm stories, health and wellness, education, lifestyle and personal wealth management in both print and digital platforms, to provide relevant tips and industry trends, with an aim to broaden advertising revenue streams with targeted audiences.



Strategic Update – Malaysia (cont'd)

Event Business

The Group organises various activities, exhibitions and awards such as Sin Chew education fair, "Malaysia Health and Wellness Brand Awards", "Sin Chew Business Excellence Awards" and Nanyang Siang Pau - "Golden Eagle Award", etc.



Sin Chew Business Excellence Awards



Malaysia Health and Wellness Brand Awards



Nanyang Siang Pau - Golden Eagle Award

Pocketimes Online Video Portal

百格 全面的
视频体验
pocketimes.my



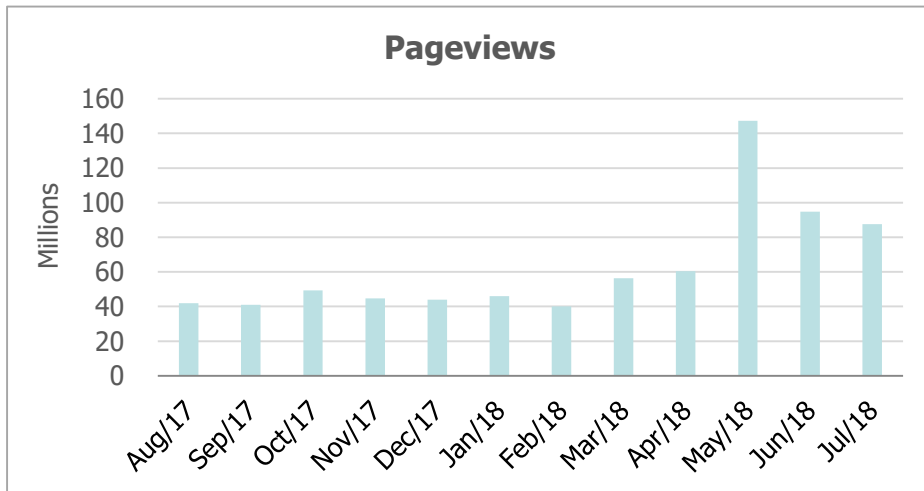
- ▶ Attained highest video views of 21 million monthly in May 2018.
- ▶ Extended its business model by creating more offerings and marketing solutions via our expertise in storytelling.
- ▶ Launched extensive live streaming election program, featuring latest updates from the battleground, most talked about issues, candidates, commentators from both sides of the divide.

Strategic Update – Malaysia (cont'd)



Website - Chinapress.com.my

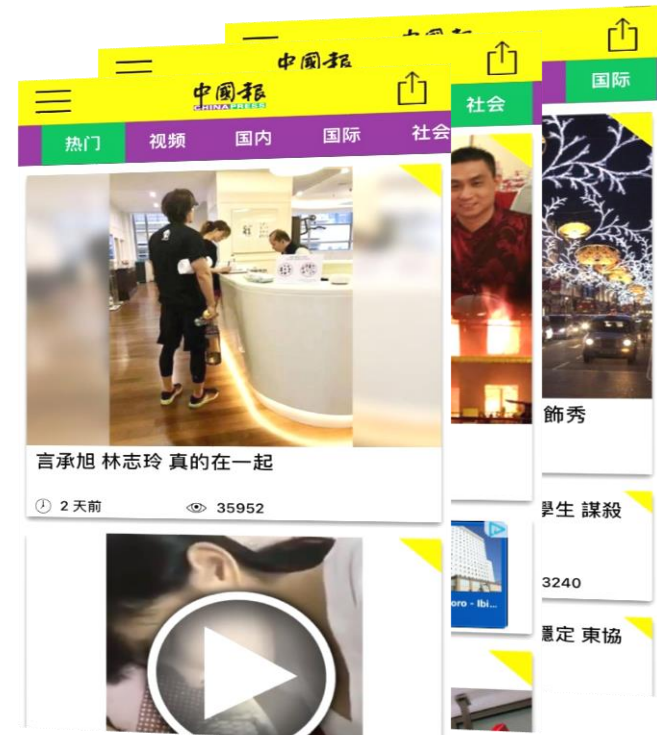
- Chinapress.com.my has achieved new high for the number of pageviews and unique visitors in May 2018 due to General Election.
- The portal registered more than 147 million page views and over 8.4 million unique visitors in May 2018.



Mobile App



- Accumulated download users > 100,000
- Monthly Screen Views > 70 million



Strategic Update – Malaysia (cont'd)

Daily Newscast 新聞搶鮮報

- ▶ Daily newscast was launched since March 2018.
- ▶ Averagely attained 100,000 video views daily.
- ▶ 1st LIVE newscast conducted on Polling Day to announce election results, and sponsored by two clients Monetized in three ad formats.



1) Presenter



2) Commercial Coverage



3) Commercial Slot

Strategic Update – Malaysia (cont'd)

MCIL Malaysian Operations, total

As at June 2018

Sources: Google Analytics



14.1 million

Monthly Unique Visitors



285.8 million

Monthly Page View



12.4 million

Monthly Video View

As at December 2017

Sources: Google Analytics

9.8 million

Monthly Unique Visitors

117.4 million

Monthly Page View

3.6 million

Monthly Video View

Growth (%)

44%

143%

244%



sinchew.com.my



chinapress.com.my



guangming.com.my



cnanyang.my



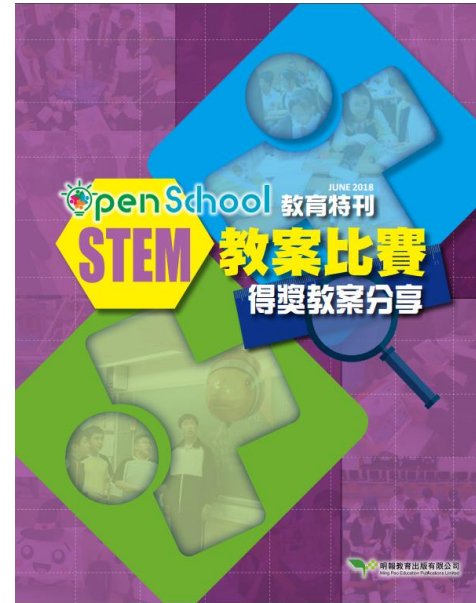
lifemagazines.com.my



pocketimes.my

1) Ming Pao Education Publications

- Published the 3rd issue of OpenSchool 《STEM教育特刊》 in Jun 2018, free distribution to primary and secondary schools.



Strategic Update – Hong Kong (cont'd)

1) Ming Pao Education Publications

- Co-operated with Marshall Cavendish Education 名創教育 to publish “Liberal Studies” 《高中通識教育》 (6 units) for upper secondary school students.

<https://www.mmls.com.hk>

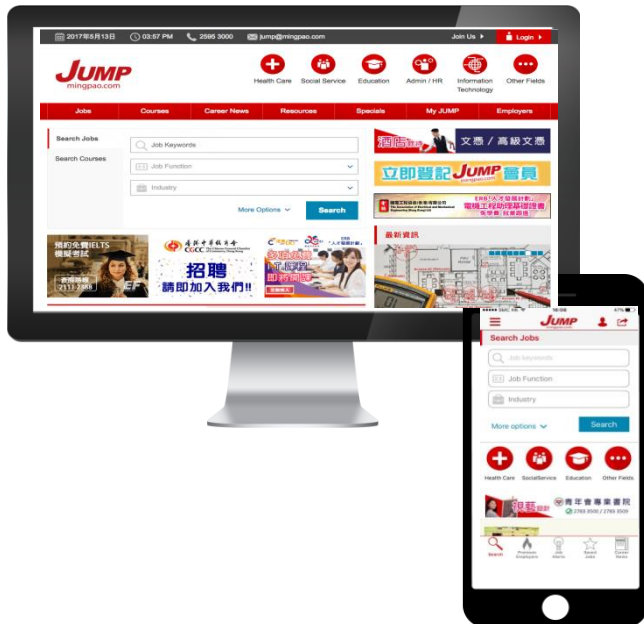


2) Technology Update



Cover all devices, for Employers and / or Jobseekers

- Website for employers & jobseekers
- Apps (Android & iOS) for jobseekers
- Mobile site for jobseekers (2018)



Functions and Features

- Jobs – simple and advanced search engine, online application, premium employers
- Courses – latest and hot courses
- Career News – in hot industries and others
- Resources – daily tips, smart talk, statistics notice, job hunting tips
- Specials & events
- Videos – provide career tips and industry trends in health, social service, education (Jan 2018)
- My JUMP – member zone for job alert, online resume, saved, viewed and applied jobs
- Scheduled push notification to apps

Coming Next

- Personalized Notification – extent the job alert function from email to app push notification

Strategic Update – Hong Kong (cont'd)

2) Technology Update (MPDN Website)

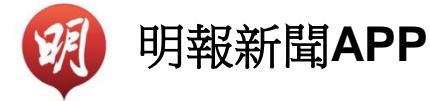


Mingpao.com Homepage Redesigned

- Branding + content
- Homepage to all Ming Pao digital content including News, Finance, Entertainment, Education, Magazines and others
- Clear user interface (UI) and enhanced user *experience (UX)*, *improve user engagement*
- Content rich – balance between text, images and videos, and ads
- Mobile site – autodetect devices and display the most suitable version

Strategic Update – Hong Kong (cont'd)

2) Technology Update (MPDN app)



明報新聞APP

MP News App

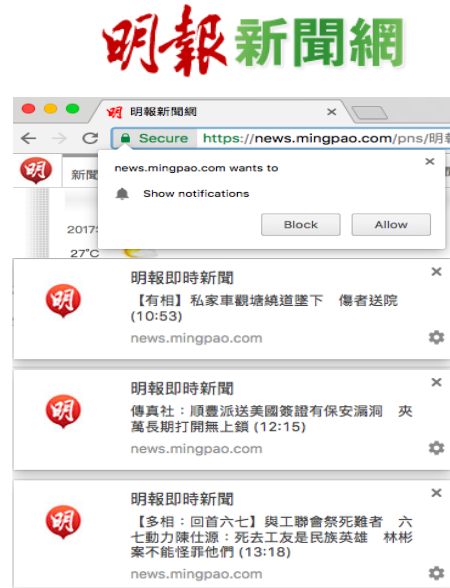
- Total rewrite (Jan 2018)
- Morning Brief / Focus, Daily News, Instant News in separate tabs
- Specials – selected news topics
- Personalized news categories
- Private bookmarks
- Social networks sharing
- Instant push algorithm
- Premium features (for subscribers)
 - - access all archives
 - - banner ad-free
 - - fingerprint login

Coming Next

- Video channel
- Pre-download content (instant articles)
- Personalized push messages



2) Technology Update (Push Notification)



App Push

- Text messages
- User-controlled push queue
- Refreshing push algorithm
- CMS + SDK + API integrated (Mar 2018)

Browser Push

- Text messages
- Major browsers – Chrome & Firefox
- Applied to NEWS, FINANCE, OL and LIFE websites (Mar 2018)

Push as a Service

- All-in-one push solution
- Social Login (fb, tw, g+) ready
- SDK and API ready
- Dashboard & Analytics
- Subscription packages
- Multimedia messages (coming soon)

Strategic Update – Hong Kong (cont'd)

3) Digital Performance (Readership)

Double digital growth of digital readership was recorded from AC Nielsen Media Index who are news-reading sector, especially World & China News categories.

Ming Pao Daily	2015	2016*	2017	2017 Vs 2016
Total	296,000	371,000	500,000	+35%
Digital	167,000	196,000	229,000	+17%

Ming Pao Daily (Digital)	2015	2017	2017 Vs 2015
Local News	149,000	188,000	+26%
World News	99,000	136,000	+37%
China News	86,000	136,000	+58%

Source: Nielsen Media Index Year-end Report

* No detail report on news section breakdown for 2016 report

Strategic Update – Hong Kong (cont'd)

3) Digital Performance (User)

Overall speaking, we have driven more users to our major sites. According to market currency Comscore in the latest May report, we recorded 26% and 30% growth for both desktop and mobile sites respectively.

When we take further look on OL & Finance for the first half of 2018*, OL doubled the users base whereas Finance also recorded 17% growth.

Mingpao News Channels	May 2017	May 2018	Vs 2017
Website (aged 6+)	340,000	428,000	+26%
Mobile site (aged 18+)	328,000	426,000	+30%

Source : comScore

	Jan-Jun 2017	Jan-Jun 2018	Vs 2017
ol.mingpao.com	2.2M	4.5M	+107%
mpfinance.com	1.7M	2M	+17%

Source : Google Analytics

* No sub-site will be monitored by comScore

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).

(3) Outlook

Outlook Statement FY 2019

We expect the operating environment of our businesses, both publishing and travel, to remain challenging amid weak consumer sentiment and rising costs of doing business as well as new technologies that continue to reshape the media industry. Despite the improvement in the general economy of the countries we operate in, such improvement has not benefitted our businesses as the sectors in which our advertisers operate in remain subdued. Furthermore, newsprint prices are escalating due to a supply shortage and this will hit the Group with more challenges in the year ahead.

Nevertheless, we will continue our efforts in converging our print with our digital businesses and intensify our cost cutting efforts, particularly in streamlining our printing process in Malaysia. The Group is committed to further developing its digital media business in order to ensure long term sustainable competitiveness while continuing to strengthen its core publishing and travel businesses.



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

Questions from Minority Shareholder Watchdog Group – Strategic/Financial Matters

Question 1:

We noted on page 144 of the Annual Report that the goodwill of Sin Chew Media Corporation was impaired by US\$20,709,000. This provision for impairment was made as a result of weak advertising sentiments and more cautious spending by the advertisers.

1(i) Given the current challenging business condition in the print media industry, is the subsidiary's goodwill likely to be further impaired in FY2019?

Answer:

The management is committed to improving the performance of Sin Chew in order to minimise any likelihood of further impairment.

However, according to the International Financial Reporting Standards (IFRSs), the Group has to perform the impairment assessment annually and make provisions that are necessary for compliance purpose. Nevertheless, the goodwill impairment would not have any impact on the Group's cash flow and dividend payment.

Questions from Minority Shareholder Watchdog Group – Strategic/Financial Matters

Question 1 (ii):

Moving forward could the Board share with the shareholders its plan on how it intends to overcome the challenging business condition in the print media industry?

Answer:

It is an on-going process of transformation and the Board has been constantly reviewing the business strategies and adjusting our tactics and action plans to the fast-changing digital environment.

Questions from Minority Shareholder Watchdog Group – Strategic/Financial Matters

Question 2 :

It was stated on page 138 of the Annual Report that a provision was made for impairment in relation to machinery and printing equipment amounting to US\$5.125 million for FY2018.

What is the reason for the impairment and is there any likelihood of future impairment in FY2019?

Answer:

The Group has put much effort into streamlining its production process and reducing excess capacity through rationalisation of the printing plants and publishing facilities. Certain machinery and printing equipment have thus become redundant and, in compliance with IFRSs, are required to be impaired in our books. As the cost rationalisation exercise is still ongoing, further impairment may be required.

Questions from Minority Shareholder Watchdog Group – Strategic/Financial Matters

Question 3 :

The Group had suffered deteriorating financial performance for the last 5 financial years.

What steps have been taken by the Board to counter the challenging operating environment and when is the Group expected to improve its financial performance?

Answer:

While maintaining our dominant position in the traditional print media, the Group has been investing in a number of digital initiatives to build and expand our digital capabilities to drive revenue and growth. The healthy growth in the Group's digital revenue in the past few years has been encouraging. However, it is yet sufficient to make up for the decline in print-based revenue. The Group will continue to grow its digital audience and to drive revenue from different platforms. At the same time, the Group will continue its ongoing cost saving measures, enhancing productivity and efficiency as well as exploring investment opportunities that will contribute to the Group's sustainable growth.

Questions from Minority Shareholder Watchdog Group – Strategic/Financial Matters

Question 4 :

It was reported in the Chairman’s Statement on page 14 of the Annual Report that the digital revenue for the Group grew by about 24.6% year-on-year with some of its major digital categories showing encouraging growth.

Please brief on the contribution of the digital business to the Group in terms of revenue and profit after taxation in FY2018, the future prospect and outlook of the digital business.

Answer:

For FY 2018, revenue from the digital business contributed about 6.3% of the Group’s total revenue from its publication business.

It is impractical to segregate the profits derived from the print and digital businesses as the digital platform is just another medium for the distribution of the Group’s content and that any allocation of costs between the two businesses will likely to be arbitrary.

Questions from Minority Shareholder Watchdog Group – Strategic/Financial Matters

Question 5 :

As reported on page 149 of the Annual Report, as at 31 March 2018, trade receivables that were past due but not impaired amounted to US\$12.678 million. Trade receivables that were past due and fully impaired amounted to US\$2.29 million.

Has any of the above amounts been recovered to-date?

Answer:

The percentage of amount recovered up to 31 July 2018 on the US\$12.678 million was about 82.7 % and on the US\$2.29 million was about 5.8%.

Questions from Minority Shareholder Watchdog Group – Strategic/Financial Matters

Question 6 :

We noted that the advertising income for the last five years were as follows:

	2018 US\$'000	2017 US\$'000	2016 US\$'000	2015 US\$'000	2014 US\$'000
Advertising income	146,002	165,179	190,109	248,319	273,553

6(a) Please provide the breakdown of the advertising income in print media and digital media in terms of percentage over the last five years?

Answer:

A breakdown of the advertising income from print and digital media over the past 5 years is set out as below:

	FY 2018	FY 2017	FY 2016	FY 2015	FY 2014
Print media	93.4%	95.3%	97.0%	97.6%	97.9%
Digital media	6.6%	4.7%	3.0%	2.4%	2.1%

Questions from Minority Shareholder Watchdog Group – Strategic/Financial Matters

Question 6 (b) :

What was the growth rate in advertising income in both the print and digital media over the last 5 years?

Answer:

The growth rate in both print and digital advertising income for the last 5 years was as follows:

	FY 2018	FY 2017	FY 2016	FY 2015	FY 2014
Print media	-13.5%	-15.0%	-23.9%	-8.2%	-4.2%
Digital media	22.8%	35.7%	-4.2%	7.8%	14.1%

In summary, the Group's advertising income from print media fell by about 48.6% since FY 2014. Meanwhile, advertising income from the digital media grew by about 72.0% during the same period.

Questions from Minority Shareholder Watchdog Group – Strategic/Financial Matters

Question 6 (c) :

What was the Group's share of advertising expenses in both the Chinese and overall newspaper industries?

Answer:

According to independent market researches, the Group's share in advertising expenditure (Adex) for FY 2018 was as follows:

Market Share in Adex	Paid Chinese newspapers	All newspapers
Malaysia	73.6%	24.1%
Hong Kong	11.0%	4.5%

Questions from Minority Shareholder Watchdog Group – Strategic/Financial Matters

Question 7 :

As reported in the Management Discussion and Analysis on page 18 of the Annual Report, effective from early March 2018, the Group's 4 daily newspapers have increased their respective cover price by RM0.20.

What has been the impact to-date on all the Group's 4 daily newspapers average daily print circulation numbers as a result of the increase in their respective cover price?

Answer:

The average daily print circulation copies prior to the cover price increase in FY 2018 dropped from 8% to 10% as compared to FY 2017. Nonetheless, the decline has flattened to a low single digit number after the cover price increase in March 2018.

Due to the general election and political events thereafter, there is an uptick in circulation sales in Malaysia. As a result, the favourable price variance has contributed to a net positive growth in total print circulation revenue.

Questions from Minority Shareholder Watchdog Group – Strategic/Financial Matters

Question 8 :

On page 17 of the Management Discussion and Analysis, it was reported that the intense competition from airlines and the increasing popularity of vacation rental booking websites such as Airbnb as well as a large number of user-friendly travel apps have also affected the performance of the Group's travel segment. This was reflected in the reduction in profit and profit margin in the travel and travel related services operating segment from US\$2.361 million and 3.1% in FY2018 to US\$2.464 million and 3.5% in FY2017.

What are the strategies adopted and/or to be adopted to counter the intense competition and improve the performance of this segment.

Questions from Minority Shareholder Watchdog Group – Strategic/Financial Matters

Answer 8:

Tourism is a service industry and tourist satisfaction is the key to long-term success for this business. Despite the growing focus on technology, many travelers still prefer the professional, attentive and personalised services provided by travel agents. As such, we will continue our strategy of providing top-notch travel experience for our customers, including the design of new tour packages to attract a diverse target segment. In addition, we will produce innovative and customised tour products that give travelers new and unique travel experiences.

Questions from Minority Shareholder Watchdog Group – Strategic/Financial Matters

Question 9 :

As stated in the Chairman’s Statement on page 15 of the Annual Report, the Group is reviewing its operations to ensure optimum utilisation of assets and manpower.

Please share the results of the operational review and will there be any closing down of offices and production plants as well as reduction in manpower?

Answer:

The Group has implemented measures to streamline the work processes in all aspects of its business. This helps increase operational efficiency and enables the Group to reduce its overall manpower resources by more than 15% over the last 5 years. For FY 2018, the headcount in Malaysia had been reduced by 7% as compared with FY 2017. We will further consolidate our production resources and branch offices in order to achieve further cost savings and efficiencies.

Questions from Minority Shareholder Watchdog Group – Corporate Governance Matter

Question 1 :

We noted that the Company in its CG Report had stated that it has adopted Step Up Practice 4.3 of MCCG. However, the Company will be seeking shareholders' approval at the forthcoming AGM for its director, Mr YU Hon To, David who has served as an Independent Non-Executive Director ("INED") for a cumulative term of more than 9 years, to continue to act as INED of the Company until the conclusion of the next AGM in accordance with the MCCG. This is contrary to Step Up Practice 4.3 which does not provide for any extension of tenure beyond the 9-year tenure of INEDs.

Please take note of this.

Questions from Minority Shareholder Watchdog Group – Corporate Governance Matter

Answer 1 :

The Board took note of the above. As explained in our Annual Report, Mr David Yu is a reputed professional and competent independent director. He has brought independent and objective judgements to the Board's deliberations and the decision-making process. His presence will continue to serve the needs of the Company in a growingly challenging environment.

Thank You

Forward Looking Statements

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.