



Media Chinese International Limited
Annual General Meeting
6 August 2014

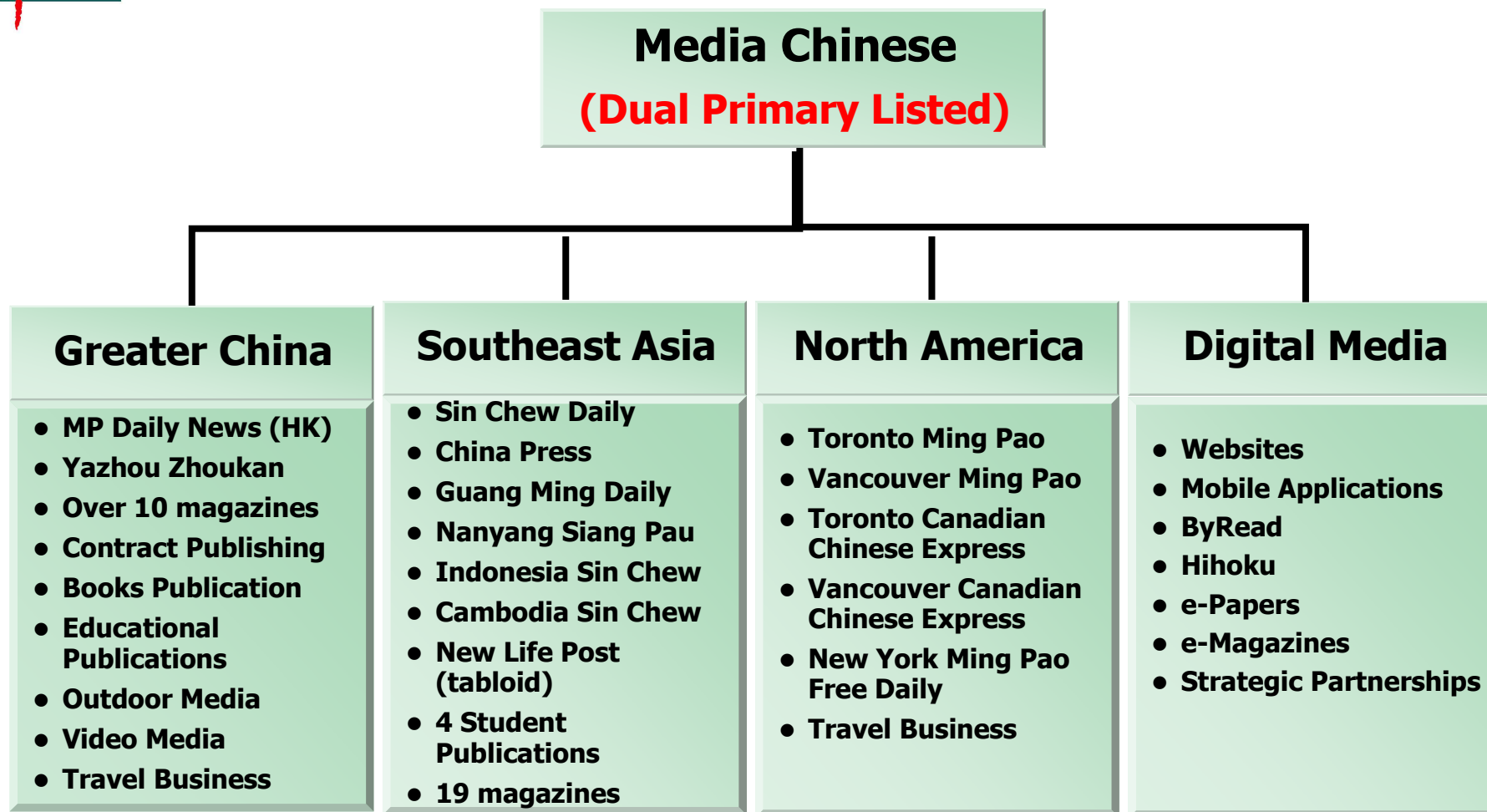
Agenda

- **(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



星洲日報
SIN CHEW DAILY

南洋商報
NANYANG SIANG PAU

明報

中國報
CHINA PRESS

光明日報
GuangMing Daily

Market Leading Brands with Long History

| | Publishing since | In publication for |
|---|------------------|--------------------|
| • Nanyang Siang Pau | 1923 | 91 years |
| • Sin Chew Daily | 1929 | 85 years |
| • China Press | 1946 | 68 years |
| • Ming Pao Daily News (Hong Kong Edition) | 1959 | 55 years |
| • Ming Pao Monthly | 1966 | 48 years |
| • Ming Pao Weekly | 1968 | 46 years |
| • Yazhou Zhoukan | 1987 | 27 years |
| • Guang Ming Daily | 1987 | 27 years |
| • Ming Pao Daily News (Toronto Edition) | 1993 | 21 years |
| • Ming Pao Daily News (Vancouver Edition) | 1993 | 21 years |
| • Ming Pao Daily News (New York Edition) | 1997 | 17 years |

(2) Performance Review

- **Market Highlights**

Market Share in Malaysia and Hong Kong

Penisular Malaysia

Period from 1 Jan 2013 to 31 Dec 2013

Chinese Newspapers

Readership

Ranking in Malaysia

Sin Chew

-Sin Chew Daily

1,175,000

No. 1

-Guang Ming Daily

386,000

No. 3

Nanyang

-China Press

987,000

No. 2

-Nanyang Siang Pau

94,000

with PMEB focus

SCMC & NPH SUB TOTAL

2,642,000

Source: (Q413 Nielsen Consumer & Media View)

HONG KONG

Period from 1 Jan 2013 to 31 Dec 2013

Chinese Newspapers

Readership

Ming Pao Daily News

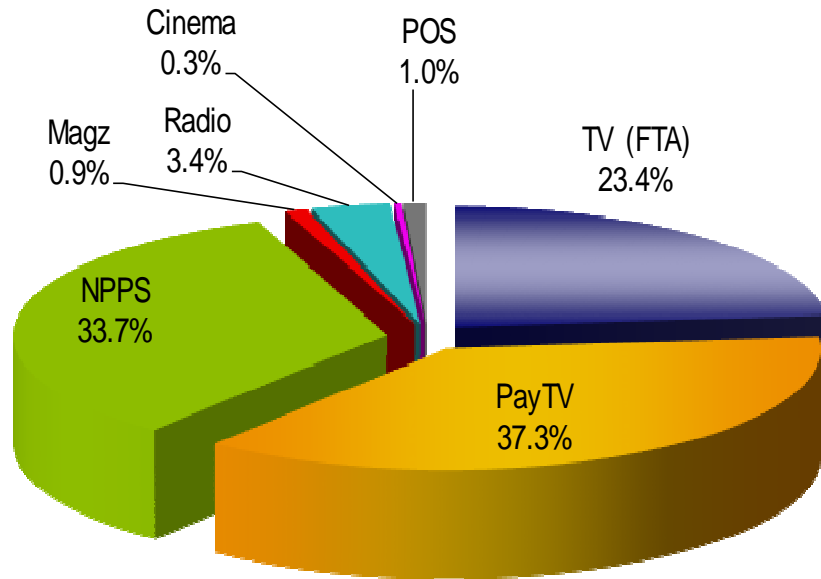
330,000

**Highly recognized as a
reputable and credible
Chinese newspaper**

Source: (Nielsen HK Media Index 2013 Year-end Report)

Adex for Apr 2013 to Mar 2014 in Malaysia

Adex (Apr 2013 to Mar 2014)



RM 13,840m

↑ 18.5%

Adex (Apr 2012 to Mar 2013): RM 11,684m

Total Adex (RM)

| | | |
|------------------|----------|---------|
| NPPS | : 4,669m | ↑ 7.7% |
| Magazines | : 131m | |
| TV (FTA) | : 3,235m | |
| Pay TV* | : 5,158m | |
| Radio | : 469m | ↑ 25.1% |
| POS | : 136m | |
| Cinema | : 41m | |

NPPS : +8.2%
Magazines : -7.5%

| | |
|----------|----------|
| TV (FTA) | : -0.8% |
| Pay TV* | : +55.1% |
| Radio | : +2.7% |
| POS | : -5.5% |
| Cinema | : +8.1% |

* Additional pay TV channels were added in the survey

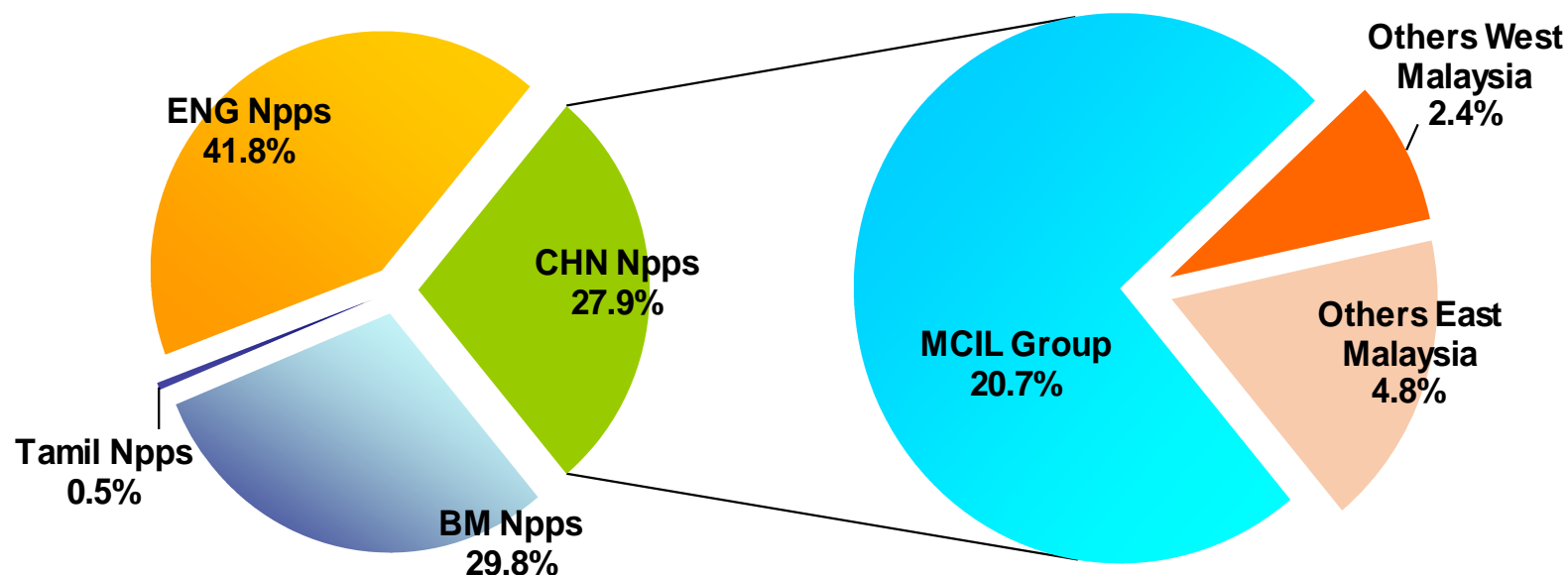
Total Newspapers Adex in Malaysia

| | Apr'13 – Mar'14 RM' million | Apr'12 – Mar'13 RM' million | Variance RM' million | Variance % |
|--------------|--------------------------------|--------------------------------|-------------------------|---------------|
| English | 1,950.2 | 1,641.2 | 309.0 | 19% |
| Malay | 1,393.5 | 1,370.2 | 23.3 | 2% |
| Chinese | 1,302.4 | 1,283.0 | 19.4 | 2% |
| Tamil | 23.4 | 21.6 | 1.8 | 8% |
| TOTAL | 4,669.5 | 4,316.0 | 353.5 | 8% |

Source: Nielsen Advertising Information Services (AIS)

Share Of Chinese Newspapers Advertising Expenditure In Malaysia for Apr '13 to Mar '14

NEWSPAPERS ADEX



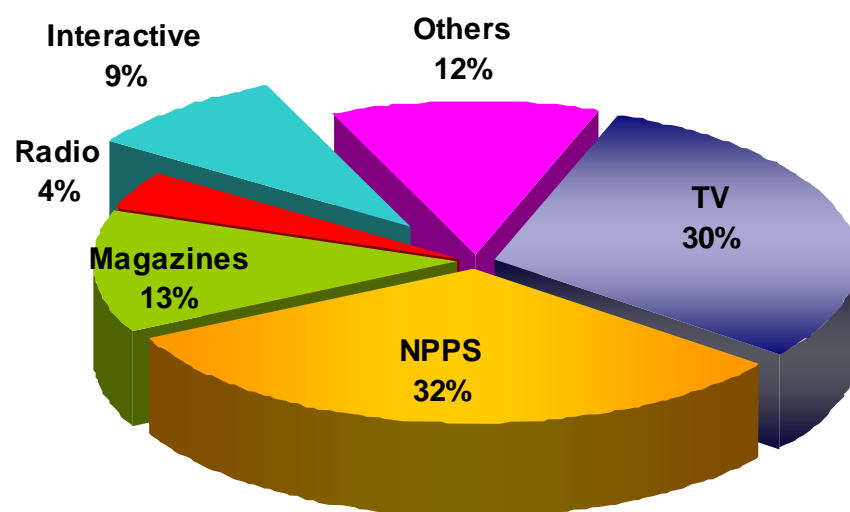
Adex for Total Newspapers : RM 4,669.5 million

Chinese Newspapers in West Malaysia: RM 4,200.8 million

Chinese Newspapers in East Malaysia : RM 468.7 million

Adex for Apr 2013 to Mar 2014 in Hong Kong

Adex (Apr 2013 to Mar 2014)



HKD109,257m

↑ 4.2%

Adex (Apr 2012 to Mar 2013): HKD104,894m

Total Adex (HKD)

| | | |
|-------------|-----------|--------|
| Newspapers | : 34,841m | ↑ 3.4% |
| Magazines | : 14,349m | |
| TV | : 33,123m | |
| Radio | : 3,826m | ↑ 4.8% |
| Interactive | : 9,505m | |
| Others | : 13,613m | |

| | |
|-------------|----------|
| Newspapers | : +6.2% |
| Magazines | : -2.9% |
| TV | : -4.8% |
| Radio | : +8.4% |
| Interactive | : +41.3% |
| Others | : +10.9% |

(2) Performance Review

- **Financial Performance**

Group Results Summary

For the year ended 31 March

| (US\$' 000) | 2014 | 2013 | 2012 | 2011 | 2010 |
|---|----------------|-----------------------|---------|---------|---------|
| Turnover | 468,728 | (restated) 477,853 | 472,237 | 445,844 | 376,001 |
| Profit before income tax | 68,563 | 77,094 | 84,915 | 74,207 | 55,113 |
| Profit attributable to owners of the Company for the year | 48,236 | 56,678 | 63,209 | 54,825 | 41,136 |
| EBITDA (US\$ million) | 86.34 | 89.78 | 94.8 | 84.3 | 64.6 |
| EBITDA Margin (%) | 18.4% | 18.8% | 20.1% | 18.9% | 17.2% |

Financial Position

As At 31 March

| (US\$ million) | 2014 | 2013 | 2012 | 2011 | 2010 |
|-------------------------------------|--------------|---------------------|-------|-------|-------|
| Total assets | 462.8 | (restated) 479.1 | 517.3 | 504.5 | 457.2 |
| Net assets | 225.0 | 213.9 | 419.8 | 399.9 | 349.6 |
| Cash and cash equivalents | 102.9 | 101.8 | 134.7 | 110.5 | 77.6 |
| Shareholders Funds | 217.8 | 207.0 | 413.6 | 394.4 | 341.3 |
| Net assets per share (US cents) | 12.91 | 12.27 | 24.51 | 23.41 | 20.27 |
| Basic earnings per share (US cents) | 2.86 | 3.36 | 3.75 | 3.26 | 2.44 |
| Net gearing ratio | 21.9% | 33.2% | N/A* | N/A* | N/A* |
| Return on equity | 23.2% | 18.8% | 15.6% | 14.9% | 13.2% |

* Not applicable as it was net cash position

Segment Results

For the year ended 31 March 2014

| (US\$ '000) | Malaysia & other SEA countries | Hong Kong & PRC | North America | Publishing & Printing Sub-total | Travel | Total |
|---|---|--------------------------------|--------------------------|--|---------------|----------------|
| Turnover | 282,387 | 71,558 | 26,360 | 380,305 | 88,423 | 468,728 |
| Segment profit / (loss) before income tax | 66,847 | 6,439 | 992 | 73,828 | 4,215 | 78,043 |

For the year ended 31 March 2013

| (US\$ '000) <i>restated</i> | Malaysia & other SEA countries | Hong Kong & PRC | North America | Publishing & Printing Sub-total | Travel | Total |
|---|---|--------------------------------|--------------------------|--|---------------|--------------|
| Turnover | 295,809 | 76,515 | 27,941 | 400,265 | 77,588 | 477,853 |
| Segment profit / (loss) before income tax | 69,985 | 9,410 | (21) | 79,374 | 1,790 | 81,164 |

Dividends

| | FY 2014 | FY 2013 | FY 2012 | FY 2011 | FY 2010 |
|--|---------------|------------|------------|------------|------------|
| Special Dividend (US cents) | --- | 13.000 | 0.400 | -- | -- |
| First Interim Dividend (US cents) | 0.750 | 0.673 | 0.800 | 0.800 | 0.450 |
| Second Interim Dividend (US cents) | 0.680 | 1.015 | 1.448 | 1.153 | 0.771 |
| Total Dividend (US cents) | 1.430 | 14.688 | 2.648 | 1.953 | 1.221 |
| Dividend Pay-out Ratio (as a % of PATAMI) ~(excluding special dividend) | 50% | 50% | 60% | 60% | 50% |
| Share Price as at 31 March | RM0.91 | RM1.18 | RM1.18 | RM1.13 | RM0.86 |
| Dividend Yield as at 31 March ~(excluding special dividend) | 5.1% | 4.4% | 5.8% | 5.3% | 4.6% |



(3) Strategic Update

Strategic Update – Malaysia

- MCIL Multimedia has collaborated with Media Prima Digital to access each other's video and news content in their respective online portals.



Strategic Update – Malaysia



- *Nanyang Siang Pau, Sin Chew Daily, Guang Ming Daily and China Press* had launched their e-papers to attract and to retain a larger share of their readership.
- E-magazines already available.
- Introduction of *Pocketimes*

Strategic Update – Malaysia (Digital Media)

- Launching online and mobile apps for video broadcasting – Pocketimes



Strategic Update – Malaysia (Sabah)



Soft launching of Sin Chew Daily – Sabah Edition by Tan Sri Tiong on 8th April 2014

- ❖ *Sin Chew Daily* has commenced operations in its new printing plant at Kota Kinabalu, Sabah in April 2014, expanding its footprint to a key market in East Malaysia.

Sabah Chinese Entrepreneurship Appreciation Night cum Book Launching Ceremony on 16th May 2014



- **Education & e-textbook Business Development**
 - a) e-textbook for 2014/15 school year
 - “Life & Society” 《生活與社會》 for junior secondary students
 - b) Printed textbooks for 2014/15 school year
 - “Life & Society” 《生活與社會》 for junior secondary students
 - “Liberal Studies” 《通識教育》 for upper secondary students
 - c) e-education Platform
 - iRead 閱讀平台
 - iCampus 家校通學校網站平台

Strategic Update – Digital Media

We will continue to invest in new media products and platforms in order to meet the changing needs of readers/advertisers, to develop new revenue streams and to expand our customer bases, for example:

- Sin Chew developing strategic partnership with major media houses to further expand our digital media market.
- Sin Chew strategic tied-up with Senheng Electrical chain to promote our e-papers locally.
- Strategic collaboration with reputable merchants for online e-commerce.

Strategic Update – Cost Saving

- Malaysian Operations started using 42 gsm newsprint from the second quarter FY 2014/15. The light basis weight newsprint will provide better yield, resulting in further reduction of our newsprint consumption cost.
- Newsprint price is expected to remain stable for the rest of the year, estimated to be below US\$600 per mt.
- On 25.7.2014, MITI announced that the Government has terminated Anti-dumping duties imposed on imports of newsprint from Canada, Indonesia, South Korea, Philippines and the United States of America with effect from 29 July 2014.

(4) Outlook

Outlook Statement FY 2015

We anticipate the business environment to be extremely challenging in the next financial year in the wake of economic uncertainties and intensified competition in the Group's major markets.

Although newsprint prices are expected to remain stable, the Group foresees a weaker than usual advertising business environment since both consumers and businesses are likely to stay cautious with their spending.

Despite the satisfactory results of the travel segment during the current year, the Group anticipates fierce competition from its competitors in the higher margin sections and the increasing airline capacity among most of the major carriers.

Nevertheless, the Group will continue to reinforce its business strategies to enhance productivity and profitability whilst continuing with its cost containment measures.



(5) Questions from Minority Shareholder Watchdog Group

Questions from Minority Shareholder Watchdog Group - Strategy/Financial Matters

Question 1:

In the Digital Media Segment, how would the Board strategise to diversify its content delivery platforms in order to enlarge its readership base as well as to enhance competitiveness and to enrich the online platforms?

Questions from Minority Shareholder Watchdog Group - Strategy/Financial Matters

Answer 1:

The Group has created contents that are tailored to each particular platform such as websites, social networks, mobile devices and digital publications. This would enable the Group to capture as well as retain audiences from different target segments, in particular, the youth segment and mobile community.

The Group has made available to our readers and customers digital editions of its major publications, including 5 newspaper titles and 22 magazines.

We also plan to further develop our video production capabilities in order to enhance the quality of our online contents, which, in turn will generate more revenue streams. This is an effort to enrich our advertising inventory in order to target advertisers with different types of marketing objectives.

Questions from Minority Shareholder Watchdog Group - Strategy/Financial Matters

Answer 1 (cont'd):

We will continue to develop and deliver comprehensive marketing solutions across the Group's multiple print and digital platforms, including strategic events for our customers and advertisers who are looking for creative marketing channels to reach their target audiences more effectively.

Our greatest strength is our ability to reach over 94% Chinese readers in Peninsular Malaysia. As such, we will explore digital businesses that will use the promotional power of our media assets. Our strategy is to leverage on our leadership in content creation and distribution in order to provide an integrated digital marketing solution for advertisers targeting at our unique online community.

Questions from Minority Shareholder Watchdog Group - Strategy/Financial Matters

Answer 1 (cont'd):

In Hong Kong, the Group has been granted licenses to publish textbooks in both print and digital formats on certain subjects under the curricula of secondary schools. With its strong school network and developed e-education platform, this newly launched education business will open up new opportunities and further expand the Group's presence in the education sector.

Questions from Minority Shareholder Watchdog Group - Strategy/Financial Matters

Question 2:

Compared to its peers in the market, please share with shareholders the relevant data such as market share in terms of readership and advertising revenue for newspapers and listenership, etc.

Questions from Minority Shareholder Watchdog Group - Strategy/Financial Matters

Answer 2:

The Group's newspaper titles account for about 90% of all the Chinese newspapers sold in Peninsular Malaysia, and reach over 94% of the Chinese adults who read Chinese newspapers daily. This extensive reach is highly sought after by all the advertisers who are targeting the Chinese segment in Malaysia.

Resulting from this strength and according to Nielsen Media Research, the Group's four Chinese newspapers and one tabloid in Malaysia account for about 75% of the Chinese newspaper advertising expenditure for the period from April 2013 to March 2014.

Questions from Minority Shareholder Watchdog Group - Strategy/Financial Matters

Question 3:

We noted that the goodwill of Guang-Ming Ribao Sdn. Bhd. was impaired by US\$4.1 million due to the challenging business condition faced. Is the subsidiary's goodwill likely to be further impaired in FY2015? Moving forward, what is the Board's plan to overcome the challenging business condition?

Questions from Minority Shareholder Watchdog Group - Strategy/Financial Matters

Answer 3:

The goodwill of Guang-Ming was impaired by US\$4.1 million in FY2011 and there has been no further impairment in the last three financial years. Barring any unforeseen circumstances, currently we do not foresee an impairment in FY2015.

We are fully aware of the market challenges the newspaper is facing and we shall continue to review and enhance our editorials and business strategies while at the same time reaching out to more audiences via its digital platforms in order to maintain and increase our market share for advertising and circulation revenue.

Questions from Minority Shareholder Watchdog Group - Strategy/Financial Matters

Question 4:

The travel and travel-related business performed well during the year, delivering the segment with an increase of 135.5% in profit before tax from US\$1.79 million in FY2013 to US\$4.22 million in FY2014. Would such better results be sustainable or improved further in FY2015? Are there further plans to grow the business in a bigger way in the near future?

Questions from Minority Shareholder Watchdog Group - Strategy/Financial Matters

Answer 4:

The improvement in the travel and travel-related business was driven by organic growth in both Hong Kong, Canadian and USA operations.

Moving forward, the Group anticipates fierce competition from its competitors in the higher margin sections and the increasing airline capacity among most of the major carriers.

The Group will continue to strengthen the travel business while at the same time to explore opportunities to expand the business through M&A.

Questions from Minority Shareholder Watchdog Group - Corporate Governance

Question 1:

Recommendation 3.5 by Malaysian Code on Corporate Governance 2012 (the "Code")

"The board must comprise a majority of independent directors where the Chairman of the board is not an independent director"

It is encouraged that the Group observes this recommendation and shows its dedication towards fulfillment of the Code with a plan and specific timeframe accordingly.

Questions from Minority Shareholder Watchdog Group - Corporate Governance

Answer 1:

We have noted your recommendation. However, we would like to assure the shareholders that the current Board size and composition are appropriate to promote all stakeholders' interests and governance of the Group effectively and efficiently.

Questions from Minority Shareholder Watchdog Group - Corporate Governance

Question 2:

Publishing the summary of the minutes of the AGM proceedings on the Company's website in line with the spirit of transparency and good corporate governance based on the ASEAN CG Scorecard which is being used to assess the level of CG Standards of PLCs in Malaysia by MSWG.

Answer 2:

We have noted your recommendation and we will look into this matter in due course.

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.