SEEC Media Group Limited

(Incorporated in the Cayman Islands with limited liability)
(Stock Code: 205)

UNAUDITED CONDENSED CONSOLIDATED INTERIM RESULTS

The board of directors (the "Board") of SEEC Media Group Limited (the "Company") is pleased to present the interim results of the Company and its subsidiaries (the "Group") for the six months ended 30 June 2006 as follows:

CONDENSED CONSOLIDATED INCOME STATEMENT
For the period ended 30 June 2006

		(Unaudited) Six months ended 30 June	
		2006	2005
	Notes	***HK$'000***	*HK$'000*
Revenue	*2*	**42,715**	45,856
Cost of sales		**(9,878)**	(10,625)
Gross profit		**32,837**	35,231
Other income		**2,600**	2,922
Selling and distribution costs		**(16,160)**	(9,224)
Administrative expenses		**(12,084)**	(3,942)
Finance costs		**(946)**	–
Other expenses		**(15)**	(56)
Profit before tax	*3*	**6,232**	24,931
Income tax expenses	*4*	**(2,854)**	(5,105)
		3,378	19,826
Attributable to:			
Equity holders of the Company		**698**	15,006
Minority interests		**2,680**	4,820
		3,378	19,826
Earnings per share (HK cents)	*5*		
Basic		**0.04**	0.97
Diluted		**0.04**	0.96

CONDENSED CONSOLIDATED BALANCE SHEET
As at 30 June 2006

	Notes	(Unaudited) As at 30 June 2006 HK$'000	(Audited) As at 31 December 2005 HK$'000
NON-CURRENT ASSETS			
Property, plant and equipment		**2,728**	2,255
Intangible assets		**23,043**	23,664
Goodwill		**125,216**	60,387
Interest in a jointly controlled entity		**–**	–
Available-for-sale investments		**–**	5,185
		150,987	91,491
CURRENT ASSETS			
Loan receivable		**–**	19,000
Available-for-sale investments		**31,888**	5,185
Derivatives		**1,411**	–
Amounts due from a jointly controlled entity		**7,612**	5,856
Trade receivables	*6*	**36,494**	30,114
Other receivables and prepayments		**2,978**	4,838
Amounts due from related companies		**8,632**	889
Bank balances and cash		**143,027**	172,780
		232,042	238,662
CURRENT LIABILITIES			
Trade payables	*7*	**2,919**	2,774
Derivatives		**3,109**	–
Other payables and accruals		**20,720**	15,220
Amounts due to related companies		**4,843**	–
Tax payable		**9,886**	19,114
		41,477	37,108
NET CURRENT ASSETS		**190,565**	201,554
TOTAL ASSETS LESS CURRENT LIABILITIES		**341,552**	293,045
CAPITAL AND RESERVES			
Share capital	*8*	**155,207**	155,082
Reserves		**118,656**	113,730
Equity attributable to equity holders of the Company		**273,863**	268,812
Minority interests		**–**	24,233
TOTAL EQUITY		**273,863**	293,045
NON-CURRENT LIABILITY			
Convertible bond		**67,689**	–
		341,552	293,045

NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

1. BASIS OF PREPARATION AND PRINCIPAL ACCOUNTING POLICIES

The condensed consolidated financial statements have been prepared in accordance with the applicable disclosure requirements of Appendix 16 to the Rules Governing the Listing of Securities on the Stock Exchange of Hong Kong Limited (the “Listing Rules”) and with Hong Kong Accounting Standard 34 (“HKAS 34”) Interim Financial Reporting.

The condensed consolidated financial statements have been prepared on the historical cost basis except for certain financial instruments, which are measured at fair values.

The accounting policies used in the condensed consolidated financial statements are consistent with those followed in the preparation of the Group’s annual financial statements for the year ended 31 December 2005 except as described below.

In the current interim period, the Group has applied, for the first time, a number of new standards, amendments and interpretations (“New HKFRSs”) issued by the Hong Kong Institute of Certified Public Accountants, which are either effective for accounting periods beginning on or after 1 December 2005 or 1 January 2006. The adoption of the New HKFRSs had no material effect on how the results for the current or prior accounting periods have been prepared and presented. Accordingly, no prior period adjustment has been required.

The Group has not early applied all the new standard, amendment or interpretations that have been issued but are not yet effective. The directors of the Company anticipate that the application of these standard, amendment or interpretations will have no material impact on the results and the financial position of the Group.

2. REVENUE AND SEGMENT INFORMATION

Revenue represents the net invoiced value of provision of advertising agency services, less trade discounts. The Group’s revenue is entirely derived from activities carried out in the People’s Republic of China. Accordingly, no analysis by business and geographical segments is presented.

3. PROFIT BEFORE TAX

The Group’s profit before tax has been arrived at after charging/(crediting):

	For the six months ended 30 June	
	2006	2005
	HK$’000	*HK$’000*
Depreciation of property, plant and equipment	**307**	211
Impairment for irrecoverable debts	**1,707**	73
Amortisation of intangible assets*	**843**	827
Loss on disposal of property, plant and equipment	**5**	–
Interest income	**(240)**	(2,860)

* *The amortisation of intangible assets is included in the “Cost of sales” on the face of the condensed consolidated income statement.*

4. INCOME TAX EXPENSES

No provision for Hong Kong Profits Tax has been made for the current period (2005: Nil) because the Group did not have any assessable profits arising in Hong Kong.

Taxes on profits assessable elsewhere have been calculated at the rates of tax prevailing in the countries in which the Group operates, based on existing legislation, interpretations and practices in respect thereof.

5. EARNINGS PER SHARE

The calculation of the basic and diluted earnings per share attributable to the equity holders of the Company is based on the following data:

	For the six months ended 30 June	
	2006	2005
	HK$'000	*HK$'000*
Earnings		
Earnings for the purposes of basic and diluted earnings per share (profit for the period attributable to the equity holders of the Company)	**698**	15,006
Number of shares		
Weighted average number of ordinary shares for the purpose of basic earnings per share	**1,551,412,183**	1,549,205,829
Effect of dilutive share options	**14,008,285**	12,007,951
Weighted average number of ordinary shares for the purpose of diluted earnings per share	**1,565,420,468**	1,561,213,780

6. TRADE RECEIVABLES

The average credit period granted by the Group is within three months from the date of the recognition of the sales.

The aging analysis of the Group's trade receivables is as follows:

	As at 30 June 2006		As at 31 December 2005	
	HK$'000	***Percentage***	*HK$'000*	*Percentage*
Within three months	**28,996**	**79**	21,116	70
Four to six months	**4,392**	**12**	6,242	21
Seven months to one year	**3,106**	**9**	2,756	9
	36,494	**100**	30,114	100

7. TRADE PAYABLES

The aging analysis of the Group's trade payables is as follows:

	As at 30 June 2006		As at 31 December 2005	
	HK$'000	***Percentage***	*HK$'000*	*Percentage*
Within two months	**1,789**	**61**	1,899	69
Five months to one year	**1,088**	**37**	834	30
Over one year	**42**	**2**	41	1
	2,919	**100**	2,774	100

8. SHARE CAPITAL

	As at 30 June 2006	As at 31 December 2005
	HK'000	*HK'000*
Authorised:		
3,000,000,000 ordinary shares of HK$0.10 each	**300,000**	300,000
Issued and fully paid:		
1,552,074,614 (2005: 1,550,824,614) ordinary shares of HK$0.10 each	**155,207**	155,082

During the six months ended 30 June 2006, 1,250,000 share options were exercised for 1,250,000 shares of HK$0.10 each for a total cash consideration of HK$262,500.

9. EVENT AFTER THE BALANCE SHEET DATE

As detailed in the Company's announcement on 6 September 2006, Beijing Caixun Advertising Co., Ltd and Shenzhen Caixun Advertising Co., Ltd, both being indirect wholly-owned subsidiaries of the Company, entered into an agreement (the "Transfer Agreement") with Shanghai SEEC Investment and Development Corporation and Beijing Lianzheng Information & Technology Company Limited to acquire 80% and 20% interest of the registered capital in Beijing Jingzheng Ronglian Advertising Company Limited ("Jingzheng Ronglian Advertising") respectively at an aggregate consideration of RMB2,000,000 (approximately HK$1,941,748) satisfied by cash.

Under the Transfer Agreement, the Group in effect purchased the bare shelf of Jingzheng Ronglian Advertising with its paid-up registered capital. Apart from the above, the Group will not purchase any other assets and liabilities of Jingzheng Ronglian Advertising.

The transaction constituted a disclosable and connected transaction to the Company and details can be referred to the Company's circular dated 15 September 2006.

INTERIM DIVIDEND

The Board does not recommend the payment of any interim dividend for the six months ended 30 June 2006 (2005: Nil).

MANAGEMENT DISCUSSION AND ANALYSIS

REVIEW

For the first half of 2006, the Group reported total revenue of approximately HK$42.7 million, almost at the same level in the corresponding period of 2005. Operating profit amounted to approximately HK$6.2 million, representing a decrease of approximately 75% from the corresponding period last year. Profit attributable to shareholders was approximately HK$698,000 representing a decrease of approximately 95% from the corresponding period last year.

Despite the fact that the Group's flagship title "Caijing Magazine" achieved an encouraging increase in revenue leveraging on its well-known brand name and excellent quality, enabling it to maintain its leading position among other finance magazines in China. However, advertising revenue of "Real Estate" (formerly known as "New Real Estate") dropped because the Chinese domestic real estate and related industries were heavily hit as a result of the Chinese government's implementation of stringent policies to curb the overheating real estate sector. Related events under planning had also been called off.

In view of the Group's long-term development, the Group collaborated with renowned international media group TIME Inc. in the first half of the year to launch "Sports Illustrated" in Mainland China. With respect to the household sector, the Group also teamed up with US renowned Meredith Corporation to introduce "Better Homes and Gardens" in China. A working team was set up by the Group for these magazines for the launch of trial copies during the first half of the year, but official publication of these magazines are expected to be launched in the second half of the year. In the meantime, "PC Magazine", a publication jointly launched with Ziff Davis Media Inc. at the end of 2005 also performed satisfactorily. However, it has commenced operation for only six months and is still in the nurturing stage. As a result of the substantial initial investment for the launch of these three titles, the Group recorded a fall in its profit in the first half of 2006.

OUTLOOK

Given the Chinese government's determination to cool down the overheated real estate sector, it is anticipated that the Chinese domestic real estate market will not recover in a short period of time and as a result, advertising revenue from "Real Estate" will not pick up rapidly as well. However, in view of the sustained growth of the Chinese economy in recent years, it is expected that the real estate market will still have room for expansion. Furthermore, with "Real Estate"'s renowned brand name, the Company anticipates operating revenue from real estate advertisements to be encouraging, while flagship title "Caijing Magazine" will continue to maintain a positive growth momentum by taking advantage of its well-recognized brand name and superior quality.

The management has a firm belief that the Group's promising development in the future lies in the launch of more branded publications. China's sports market is expected to undergo drastic changes with the upcoming of the 2008 Beijing Olympic Games. The Group partnered with an international top media group to launch "Sports Illustrated" with a focus placed on the development of the sports market driven by the Olympic Games. However, it takes time to build up the brand presence, it is therefore unlikely for "Sports Illustrated", which is still at its nurturing stage in the year, to generate operating profit, and as a result the Group's profit for the year will be hit. The other two magazines, namely "Better Homes and Gardens" and "PC Magazine" also face similar situation.

The management believes that the Group should also strengthen its investment in the Internet business to cope with the challenges from ever-changing technology nowadays.

In conclusion of the aforesaid, it is anticipated that Group's operating profit will drop in 2006 which, however, will lay a solid foundation for substantial development in the coming years. Looking forward to the future advertising market, the Group plans to build up a diversified brand portfolio at the earliest possible time to facilitate its long-term strategic development.

LIQUIDITY AND FINANCIAL RESOURCES

On 19 May 2006, the Company issued US$10 million 2% convertible bond due 2011 and nil-paid warrant to Templeton Strategic Emerging Markets Fund II, LDC to raise fund to facilitate development and expansion of the Group. The proceeds was approximately HK$78 million and was used primarily as general working capital of the Group.

In May 2006, 708,502 shares of Sun New Media Inc of total value at US$2,692,308 (approximately HK$21 million) were received for settlement of the loan receivable. The investment was recorded as available-for-sale investments. As at 30 June 2006, the Group had available-for-sales investments of value approximately HK$32 million as compared to approximately HK$10 million as at 31 December 2005.

On 30 June 2006, the Group had acquired the remaining 22% effective interest in the Caixun Group and the aggregate purchase consideration of RMB95,749,000 (approximately HK$92,066,000) was settled in cash in Renminbi from internal resources.

The Group's daily operation activities were financed by internal resources. The Group's equity attributable to equity holders of the Company as at 30 June 2006 was approximately HK$273.9 million as compared to approximately HK$268.8 million as at 31 December 2005.

The Group had non-current debt of approximately HK$67.7 million as at 30 June 2006 and had no non-current debt as at 31 December 2005. The gearing ratio, which was computed by non-current liability over equity attributable to equity holders of the Company was 24.7% as at 30 June 2006.

CHARGE ON ASSETS

The Group did not charge any of its assets as at 30 June 2006 (2005: Nil).

FOREIGN CURRENCIES AND TREASURY POLICY

Most of the Group's business transactions, assets and liabilities are denominated in Hong Kong Dollars, United States Dollars, Singapore Dollars and Renminbi. During the period, the Group did not engaged in any financial instruments for hedging or speculative activities.

CONTINGENT LIABILITIES

The Group did not have any significant contingent liabilities as at 30 June 2006 (2005:Nil).

EMPLOYEES

At as 30 June 2006, the Group had 171 employees (2005: 126). Salaries, bonus and benefits were decided in accordance with the market condition and performance of the respective employees.

PURCHASE, SALE OR REDEMPTION OF THE COMPANY'S LISTED SECURITIES

Neither the Company nor any of its subsidiaries purchased, sold or redeemed any of the Company's listed securities during the period.

CORPORATE GOVERNANCE

The Company has complied throughout the period with the Code on Corporate Governance (the "Code") as set out in Appendix 14 to the Listing Rules except the following major deviations:

Code Provision A.2.1
This Code stipulates that the roles of chairman and managing director (or chief executive officer) should be separate and should not be performed by the same individual.

The Company does not presently have any officer with the title of "CEO" or "Managing Director". At present, Mr Wang Boming, being the Chairman and an Executive Director of the Company, is assuming the role of the CEO of the Company and is responsible for the strategic planning and corporate policy of the Group.

The Directors consider that Mr Wang Boming is the most appropriate person to assume the role of the CEO because he has considerable knowledge and experience in the advertising and publication businesses in the PRC and has leadership and corporate expertise in the Group. The Directors believe that vesting the roles of the chairman and CEO in the same person provides consistent and sustainable development of the Group, strong and consistent leadership in the Company's decision making and operational efficiency.

Code Provision A.4.1
Code A.4.1 stipulates that non-executive directors should be appointed for a specific term and subject to re-election.

The term of office for non-executive directors are the same as for all directors (i.e. no specific term and subject to retirement from office by rotation and be eligible for re-election in accordance with the provisions of the Company's Articles of Association). At each annual general meeting, one-third of the directors for the time being or, if their number is not a multiple of three, then the number nearest to but not less than one-third, shall retire from office by rotation, provided that every director shall be subject to retirement by rotation at least one every three years.

REMUNERATION COMMITTEE
The Committee comprises of two independent non-executive directors, namely Mr. Ge Ming, being the Chairman of the Committee and Mr. Ding Yu Cheng.

AUDIT COMMITTEE
The Audit Committee comprises three independent non-executive directors. The Committee is chaired by Mr. Fu Fengxiang and comprising two other members, namely Mr. Ge Ming and Mr. Wang Xiangfei. The Audit Committee has reviewed with management the accounting principles and practices adopted by the Group and financial reporting matters including the review of the unaudited condensed consolidated interim financial statements for the six months ended 30 June 2006.

MODEL CODE FOR SECURITIES TRANSACTIONS BY DIRECTORS
The Company has adopted the Model Code for Securities Transactions by Directors of Listed Issuers (the "Model Code") set out in Appendix 10 of the Listing Rules. Having made specific enquiry of all directors, all directors confirmed they have complied with the required standard set out in the Model Code and the code of conduct regarding securities transactions by directors adopted by the Company for the six months ended 30 June 2006.

MEMBERS OF THE BOARD OF DIRECTORS
As at the date of this announcement, the executive Directors are Mr. Wang Boming (Chairman), Mr. Zhang Zhifang, Mr. Dai Xiaojing, Mr. Li Shijie and Mr. Lau See Him, Louis. The independent non-executive Directors are Mr. Fu Fengxiang, Mr. Wang Xiangfei, Mr. Ge Ming and Mr. Ding Yu Cheng.

By Order of the Board
Wang Boming
Chairman

Hong Kong, 21 September 2006