SEEC MEDIA GROUP LIMITED

(Incorporated in the Cayman Islands and continued in Bermuda with limited liability)

(Stock Code: 205)

ANNOUNCEMENT OF AUDITED FINAL RESULTS FOR THE YEAR ENDED 31 DECEMBER 2015

The Board of Directors (the "Board") of SEEC Media Group Limited (the "Company") announces the audited consolidated results of the Company and its subsidiaries (the "Group") for the year ended 31 December 2015 together with the comparative figures for the previous year as follows:

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the year ended 31 December 2015

	Notes	**2015** *HK$'000*	2014 *HK$'000*
Revenue	*3*	**286,683**	443,582
Cost of sales		**(138,897)**	(213,084)
Gross profit		**147,786**	230,498
Other income		**7,661**	7,933
Impairment loss on sole agency rights		**(40,235)**	(37,163)
Impairment loss on goodwill		**(61,790)**	(19,493)
Unrealised fair value loss on held-for-trading investments		**(32,297)**	–
Realised losses on held-for-trading investments		**(20,267)**	–
Other gains and losses		**2,976**	(4,982)
Selling and distribution costs		**(146,025)**	(203,256)
Administrative expenses		**(65,430)**	(106,288)
Share of profit of a joint venture		**8,125**	16,473
Share of loss of an associate		**(2,218)**	–
Finance costs	*4*	**(595)**	(2,464)
Loss before taxation	*5*	**(202,309)**	(118,742)
Taxation	*6*	**(194)**	(4,844)
Loss for the year		**(202,503)**	(123,586)
Other comprehensive (expense) income			
Items that will not be reclassified subsequently to profit or loss:			
Exchange differences arising on translation		**(17,846)**	(1,806)
Share of exchange differences of a joint venture		**(318)**	(57)
Items that may be reclassified subsequently to profit or loss:			
Share of other comprehensive income of an associate		**20,631**	–
Total comprehensive expense for the year		**(200,036)**	(125,449)
Loss for the year attributable to:			
Owners of the Company		**(200,113)**	(121,246)
Non-controlling interests		**(2,390)**	(2,340)
		(202,503)	(123,586)
Total comprehensive expense attributable to:			
Owners of the Company		**(197,646)**	(123,109)
Non-controlling interests		**(2,390)**	(2,340)
		(200,036)	(125,449)
			(Restated)
Loss per share (HK cents)	*7*		
Basic		**(10.58)**	(7.51)
Diluted		**(10.58)**	(7.51)

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

At 31 December 2015

	Notes	2015 HK$'000	2014 HK$'000
Non-current assets			
Property, plant and equipment		**35,525**	41,790
Sole agency rights		**6,756**	56,692
Goodwill		**37,603**	99,393
Interests in joint ventures		**31,110**	23,303
Available-for-sale investment		**20,000**	20,000
Interest in an associate		**158,413**	–
Amount due from a joint venture		**6,747**	24,175
		296,154	265,353
Current assets			
Trade receivables	9	**93,046**	192,478
Amounts due from related companies		**10,140**	12,816
Other receivables and prepayments		**28,647**	14,066
Held-for-trading investments		**72,703**	–
Bank balances, cash and cash equivalents		**746,744**	138,160
		951,280	357,520
Current liabilities			
Trade payables	10	**22,686**	29,969
Other payables and accruals		**132,734**	145,057
Amounts due to related companies		**9,287**	7,316
Amount due to a shareholder of the Company		**90,188**	50,307
Amount due to a joint venture		**–**	192
Amount due to a director		**–**	4,017
Borrowing		**35,000**	–
Tax payable		**11,973**	13,953
		301,868	250,811
Net current assets		**649,412**	106,709
Total assets less current liabilities		**945,566**	372,062
Non-current liability			
Receipt in advance		**86**	118
Net assets		**945,480**	371,944
Capital and reserves			
Share capital		**637,354**	176,726
Reserves		**313,142**	198,106
Equity attributable to owners of the Company		**950,496**	374,832
Non-controlling interests		**(5,016)**	(2,888)
Total equity		**945,480**	371,944

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2015

1. GENERAL

The Company is incorporated as an exempted company with limited liability in the Cayman Islands and continued in Bermuda with its shares listed on The Stock Exchange of Hong Kong Limited (the "Stock Exchange"). The change of domicile of the Company from Cayman Island to Bermuda was effective on 26 October 2015. The address of the registered office and principal place of business of the Company are disclosed "Corporate Information" section to the annual report.

The functional currency of the Company and respective group entities is Renminbi ("RMB"), the currency of the primary economic environment in which the Company together with its subsidiaries operate. For the purpose of the consolidated financial statements and conveniences of the financial statements users, the results and financial position of the Group are presented in Hong Kong dollars ("HK$").

The Company acts as investment holding company. The Group is principally engaged in the provision of advertising agency services and distribution of books and magazines in the People's Republic of China ("PRC").

2. APPLICATION OF NEW AND REVISED HONG KONG FINANCIAL REPORTING STANDARDS ("HKFRSs")

The Group has applied the following amendments to HKFRSs issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA") for the first time in the current year:

Amendments to HKAS 19	Defined Benefit Plans: Employee Contributions
Amendments to HKFRSs	Annual Improvements to HKFRSs 2010 – 2012 Cycle
Amendments to HKFRSs	Annual Improvements to HKFRSs 2011 – 2013 Cycle

The application of the amendments to HKFRSs in the current year has had no material impact on the Group's financial performance and positions for the current and prior years and/or on the disclosures set out in these consolidated financial statements.

New and revised HKFRSs in issued but not yet effective

The Group has not early applied the following new and revised HKFRSs that have been issued but are not yet effective:

HKFRS 9	Financial Instruments[1]
HKFRS 15	Revenue from Contracts with Customers[1]
Amendments to HKFRS 11	Accounting for Acquisitions of Interests in Joint Operations[2]
Amendments to HKAS 1	Disclosure Initiative[2]
Amendments to HKAS 16 and HKAS 38	Clarification of Acceptable Methods of Depreciation and Amortisation[2]
Amendments to HKFRSs	Annual Improvements to HKFRSs 2012 – 2014 Cycle[2]
Amendments to HKAS 16 and HKAS 41	Agriculture: Bearer Plants[2]
Amendments to HKAS 27	Equity Method in Separate Financial Statements[2]
Amendments to HKFRS 10 and HKAS 28	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture[3]
Amendments to HKFRS 10, HKFRS 12 and HKAS 28	Investment Entities: Applying the Consolidation Exception[2]

[1] Effective for annual periods beginning on or after 1 January 2018

[2] Effective for annual periods beginning on or after 1 January 2016

[3] Effective for annual periods beginning on or after a date to be determined

HKFRS 9 Financial Instruments

HKFRS 9 issued in 2009 introduced new requirements for the classification and measurement of financial assets. HKFRS 9 was subsequently amended in 2010 to include requirements for the classification and measurement of financial liabilities and for derecognition, and in 2013 to include the new requirements for general hedge accounting. Another revised version of HKFRS 9 was issued in 2014 mainly to include a) impairment requirements for financial assets and b) limited amendments to the classification and measurement requirements by introducing a 'fair value through other comprehensive income' ("FVTOCI") measurement category for certain simple debt instruments.

Key requirements of HKFRS 9:

- All recognised financial assets that are within the scope of HKAS 39 *Financial Instruments: Recognition and Measurement* are required to be subsequently measured at amortised cost or fair value. Specifically, debt investments that are held within a business model whose objective is to collect the contractual cash flows, and that have contractual cash flows that are solely payments of principal and interest on the principal outstanding are generally measured at amortised cost at the end of subsequent accounting periods. Debt instruments that are held within a business model whose objective is achieved both by collecting contractual cash flows and selling financial assets, and that have contractual terms that give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding, are generally measured at FVTOCI. All other debt investments and equity investments are measured at their fair value at the end of subsequent accounting periods. In addition, under HKFRS 9, entities may make an irrevocable election to present subsequent changes in the fair value of an equity investment (that is not held for trading) in other comprehensive income, with only dividend income generally recognised in profit or loss.

- With regard to the measurement of financial liabilities designated as at fair value through profit or loss, HKFRS 9 requires that the amount of change in the fair value of the financial liability that is attributable to changes in the credit risk of that liability is presented in other comprehensive income, unless the recognition of the effects of changes in the liability's credit risk in other comprehensive income would create or enlarge an accounting mismatch in profit or loss. Changes in fair value of financial liabilities attributable to changes in the financial liability designated as fair value through profit or loss is presented in profit or loss.

- In relation to the impairment of financial assets, HKFRS 9 requires an expected credit loss model, as opposed to an incurred credit loss model under HKAS 39. The expected credit loss model requires an entity to account for expected credit losses and changes in those expected credit losses at each reporting date to reflect changes in credit risk since initial recognition. In other words, it is no longer necessary for a credit event to have occurred before credit losses are recognised.

- The new general hedge accounting requirements retain the three types of hedge accounting mechanisms currently available in HKAS 39. Under HKFRS 9, greater flexibility has been introduced to the types of transactions eligible for hedge accounting, specifically broadening the types of instruments that qualify for hedging instruments and the types of risk components of non-financial items that are eligible for hedge accounting. In addition, the retrospective quantitative effectiveness test has been removed. Enhanced disclosure requirements about an entity's risk management activities have also been introduced.

The directors of the Company do not anticipate that the application of HKFRS 9 in the future may have a material impact on amounts reported in respect of the Group's financial assets and financial liabilities.

HKFRS 15 Revenue from Contracts with Customers

HKFRS 15 was issued which establishes a single comprehensive model for entities to use in accounting for revenue arising from contracts with customers. HKFRS 15 will supersede the current revenue recognition guidance including HKAS 18 *Revenue*, HKAS 11 *Construction Contracts and the related Interpretations* when it becomes effective.

The core principle of HKFRS 15 is that an entity should recognise revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. Specifically, the Standard introduces a 5-step approach to revenue recognition:

- Step 1: Identify the contract(s) with a customer
- Step 2: Identify the performance obligations in the contract
- Step 3: Determine the transaction price
- Step 4: Allocate the transaction price to the performance obligations in the contract
- Step 5: Recognise revenue when (or as) the entity satisfies a performance obligation

Under HKFRS 15, an entity recognises revenue when (or as) a performance obligation is satisfied, i.e. when 'control' of the goods or services underlying the particular performance obligation is transferred to the customer. Far more prescriptive guidance has been added in HKFRS 15 to deal with specific scenarios. Furthermore, extensive disclosures are required by HKFRS 15. The directors of the Company anticipate that the application of HKFRS 15 in the future may have a material impact on the amounts reported and disclosures made in the Group's consolidated financial statements. However, it is not practicable to provide a reasonable estimate of the effect of HKFRS 15 until the Group performs a detailed review.

The directors of the Company do not anticipate that the application of other new and revised HKFRSs that have been issued but are not yet effective will have a material effect on the amounts recognised in the Group's consolidated financial statements.

3. REVENUE AND SEGMENT INFORMATION

Revenue represents the gross invoiced value of services rendered, sales of books and magazines, net of discounts and sales related taxes. An analysis of the Group's revenue is as follows:

	2015	2014
	HK$'000	*HK$'000*
Advertising agency income	**245,104**	322,782
Advertising income from conferences and events	**22,096**	86,479
Sales of books and magazines	**19,483**	34,321
	286,683	443,582

Information reported to the Company's executive directors, being the chief operating decision makers, for the purposes of allocating resources to segments and assessing their performance are organised on the basis of the revenue streams. The Group's operating and reporting segments are (a) advertising income from provision of agency services and organising conferences and events and (b) sale of books and magazines.

Segment revenues and results

The following is an analysis of the Group's revenue and results by reportable segment.

For the year ended 31 December 2015

	Provision of services	**Sales of books and magazines**	**Consolidated**
	HK$'000	***HK$'000***	***HK$'000***
Revenue			
External sales	**267,200**	**19,483**	**286,683**
Result			
Segment profit	**1,091**	**670**	**1,761**

	Provision of services HK$'000	Sales of books and magazines HK$'000	Consolidated HK$'000
Other income			**7,661**
Other gains and losses			**(151,613)**
Unallocated administration expense (including equity-settled share-based payment expense)			**(65,430)**
Share of profit of a joint venture			**8,125**
Share of loss of an associate			**(2,218)**
Finance costs			**(595)**
Loss before taxation			**(202,309)**

For the year ended 31 December 2014

	Provision of services *HK$'000*	Sales of books and magazines *HK$'000*	Consolidated *HK$'000*
Revenue			
External sales	409,261	34,321	443,582
Result			
Segment profit	26,565	677	27,242
Other income			7,933
Other gains and losses			(61,638)
Unallocated administration expense (including equity-settled share-based payment expense)			(106,288)
Share of profit of a joint venture			16,473
Finance costs			(2,464)
Loss before taxation			(118,742)

The accounting policies of the reportable segments are the same as the Group's accounting policies. Segment result represents the profit earned by each segment without allocation of unallocated administration expense, other income, other gains and losses and finance costs. This is the measure reported to the chief operating decision makers for the purposes of resource allocation and performance assessment. Furthermore, as the assets and liabilities for reportable segments are not provided to the chief operating decision makers for the purposes of resources allocation and performance assessment, no segment assets and liabilities are presented accordingly.

Other segment information

For the year ended 31 December 2015

	Provision of services *HK$'000*	Sales of books and magazines *HK$'000*	Unallocated *HK$'000*	Consolidated *HK$'000*
Amounts included in the measure of segment profit or loss:				
Depreciation of property, plant and equipment	**4,150**	**–**	**890**	**5,040**
Amortisation of sole agency rights	**6,588**	**–**	**–**	**6,588**
Allowance for (reversal of allowance for) bad and doubtful debts	**1,676**	**(327)**	**–**	**1,349**
Impairment loss on sole agency rights	**40,235**	**–**	**–**	**40,235**
Impairment loss on goodwill	**61,790**	**–**	**–**	**61,790**
Realised losses on held-for-trading investments	**–**	**–**	**20,267**	**20,267**
Unrealised fair value loss on held-for-trading investments	**–**	**–**	**32,297**	**32,297**
Amounts regularly provided to the chief operating decision maker but not included in the measurement of segment profit or loss:				
Share of loss of an associate	**–**	**–**	**2,218**	**2,218**
Share of profit or a joint venture	**–**	**–**	**(8,125)**	**(8,125)**
Interest income	**–**	**–**	**(3,068)**	**(3,068)**
Interest expenses	**–**	**–**	**595**	**595**

For the year ended 31 December 2014

	Provision of services *HK$'000*	Sales of books and magazines *HK$'000*	Unallocated *HK$'000*	Consolidated *HK$'000*
Amounts included in the measure of segment profit or loss:				
Depreciation of property, plant and equipment	4,914	–	479	5,393
Amortisation of sole agency rights	10,709	–	–	10,709
Allowance for (reversal of allowance for) bad and doubtful debts	4,366	(90)	–	4,276
Impairment loss on sole agency rights	37,163	–	–	37,163
Impairment loss on goodwill	19,493	–	–	19,493
Loss on disposal of property, plant and equipment	624	–	–	624
Amounts regularly provided to the chief operating decision maker but not included in the measurement of segment profit or loss:				
Share of profit of a joint venture	–	–	(16,473)	(16,473)
Interest income	–	–	(2,268)	(2,268)
Interest expenses	–	–	2,464	2,464

Geographical information

The Group's operations and assets are located in the PRC. All revenue is derived from customers located in PRC. Accordingly, no analysis of revenue and non-current assets by geographical location are presented.

Information about major customers

There is no customer from either provision of services segment or sales of books and magazines segment which contributed over 10% of the total revenue of the Group.

4. FINANCE COSTS

	2015	2014
	HK$'000	*HK$'000*
Interest on bank loan wholly repayable within five years	**595**	2,464

5. LOSS BEFORE TAXATION

	2015	2014
	HK$'000	*HK$'000*
Loss before taxation has been arrived at after charging (crediting):		
Auditor's remuneration	**1,783**	1,035
Staff costs (including directors' emoluments):		
Wages, salaries and other allowances	**69,644**	94,413
Contributions to retirement benefits schemes	**11,319**	14,810
	80,963	109,223
Equity-settled share-based payment expense	**–**	47,000
Depreciation of property, plant and equipment	**5,040**	5,393
Amortisation of sole agency rights (included in cost of sales)	**6,588**	10,709
Total depreciation and amortisation	**11,628**	16,102
Minimum lease payments under operating lease in respect of rented premises	**16,366**	16,599
Investment income earned on loans and receivables – bank interest income	**(3,068)**	(2,268)
Net foreign exchange (gain)/loss	**(4,326)**	82
Loss on disposal of property, plant and equipment	**–**	624

6. TAXATION

The tax charge for the year represents the PRC Enterprise Income Tax ('"EIT").

No provision for Hong Kong Profits Tax has been made for both years because the relevant group entity incurred a tax loss in Hong Kong.

Under the Law of the PRC on Enterprise Income Tax (the "EIT Law") and Implementation Regulation of the EIT Law, the tax rate of PRC subsidiaries is 25% for both years.

The taxation for the year can be reconciled to the loss before taxation per the consolidated statement of profit or loss and other comprehensive income as follows:

	2015	2014
	HK$'000	*HK$'000*
Loss before taxation	**(202,309)**	(118,742)
Tax at PRC income tax rate of 25%	**(50,577)**	(29,686)
Tax effect of tax losses not recognised	**15,952**	24,526
Utilisation of tax losses previously not recognised	**(510)**	(1,874)
Tax effect of expenses not deductible for tax purposes	**38,809**	14,960
Tax effect of income not taxable for tax purposes	**(3,581)**	(2,774)
Others	**101**	(308)
Taxation for the year	**194**	4,844

Note: The Group's major operating subsidiaries are all located in PRC and subjected to EIT. Accordingly, EIT rate is applied for tax reconciliation purpose.

At the end of the reporting period, the Group had estimated unused tax losses of approximately HK$364,727,000 (2014: approximately HK$302,959,000) available for offset against future profits. No deferred tax asset has been recognised in respect of the estimated unused tax losses due to the unpredictability of future profit streams. The estimated tax losses may be carried forward indefinitely.

Under the EIT Law of the PRC, withholding tax is imposed on dividends declared in respect of profits earned by PRC subsidiaries from 1 January 2008 onwards. Deferred taxation has not been provided for in the consolidated financial statements in respect of temporary differences attributable to accumulated profits of a PRC subsidiary amounting to approximately HK$122,037,000 (2014: approximately HK$180,987,000) as the Group is able to control the timing of the reversal of the temporary differences and it is probable that the temporary differences will not reverse in the foreseeable future.

7. LOSS PER SHARE

The calculation of the basic and diluted loss per share attributable to the owners of the Company is based on the following data:

	2015	2014
	HK$'000	*HK$'000*
Loss		
Loss for the purposes of basic loss per ordinary share being loss for the year attributable to owners of the Company	**(200,113)**	(121,246)

	2015	2014
		(restated)
Number of shares		
Weighted average number of ordinary shares for the purpose of basic loss per share	**1,891,931,982**	1,614,363,400
Effect of dilutive potential ordinary shares:		
Share options issued by the Company	**–**	–
Weighted average number of ordinary shares for the purpose of diluted loss per share	**1,891,931,982**	1,614,363,400

The weighted average number of ordinary shares for the year ended 31 December 2014 for the purposes of basic and diluted loss per share have been adjusted for the capital reorganisation and open offer of the Company. The weighted average number of ordinary shareholders for the year ended 2014 was restated retrospectively.

The computation of diluted loss per share for both years does not assume the exercise of outstanding warrants and share options of the Company since their assumed exercise would result in a decrease in loss per share.

8. DIVIDEND

No dividend was paid or proposed for both years nor has any dividend been proposed since the end of the reporting period.

9. TRADE RECEIVABLES

	2015	2014
	HK$'000	*HK$'000*
Trade receivables	**105,154**	212,141
Less: allowance for doubtful debts	**(12,108)**	(19,663)
	93,046	192,478

Credit period granted by the Group to customers for both provision of advertising agency services and sale of books and magazines are not more than three months from the date of recognition of the sale.

The ageing analysis of the Group's trade receivables net of allowance for doubtful debts, presented based on date of magazines issued, which approximate the date of revenue recognition is as follows:

	2015		2014	
	HK$'000	***%***	*HK$'000*	*%*
Less than three months	**56,192**	**60**	112,050	58
Three months to six months	**17,958**	**20**	51,647	27
Over six months to one year	**18,896**	**20**	28,781	15
	93,046	**100**	192,478	100

Before accepting any new customer, the Group assesses the potential customer's credit quality and defines credit limits by customer. Limits and credit ratings attributed to customers are reviewed regularly. Management considers the customers neither past due nor impaired are of good credit quality based on repayment history of respective customers.

Included in the Group's trade receivables balance are debtors with aggregate carrying amount of approximately HK$36,854,000 (2014: approximately HK$80,428,000) which are past due at the end of the reporting period for which the Group has not provided for impairment loss as there has not been a significant change in credit quality and amounts are still considered recoverable based on historical experience. The Group does not hold any collateral over these balances. The average age of these receivables is 197 days (2014: 175 days).

Ageing of trade receivables which are past due but not impaired

	2015	2014
	HK$'000	*HK$'000*
Three months to six months	**17,958**	51,647
Over six months to one year	**18,896**	28,781
	36,854	80,428

As at 31 December 2015 and 2014, the Group has provided fully for all receivables over 1 year because historical experience is such that receivables that are past due beyond 1 year are generally not recoverable.

Movement in the allowance for bad and doubtful debts

	2015	2014
	HK$'000	*HK$'000*
Balance at beginning of the year	**19,663**	16,334
Impairment losses recognised on trade receivables	**7,439**	10,745
Amount recovered during the year	**(6,090)**	(6,469)
Amounts written off as uncollectible	**(8,021)**	(906)
Exchange realignment	**(883)**	(41)
Balance at end of the year	**12,108**	19,663

In determining the recoverability of a trade receivable, the Group considers any change in the credit quality of the trade receivable from the date credit was initially granted up to the end of the reporting period. The concentration of credit risk is limited due to the customer base being large and unrelated.

10. TRADE PAYABLES

The ageing analysis of the Group's trade payables based on the invoice date at the end of the reporting period is as follows:

	2015		2014	
	HK$'000	*%*	*HK$'000*	*%*
Less than three months	**18,410**	**81**	27,156	91
Three months to six months	**1,940**	**9**	660	2
Over six months to one year	**2,336**	**10**	2,153	7
	22,686	**100**	29,969	100

The average credit period granted by trade creditors is 90 days (2014: 90 days). The Group has financial risk management policies in place to ensure that all payables within the credit time frame.

BUSINESS REVIEW

The overall China economy continued to slow down in 2015, with the uncertainties of economy risks ever increasing. The advertising industry, especially the traditional media, experienced the biggest downturn in recent years. The Group was adversely affected in such circumstances. In 2015, the revenue of the Group saw a negative growth again, recording approximately HK$286.7 million, an approximately 35.4% year-on-year decrease from approximately HK$443.6 million in 2014. Because of the reduction in its revenue, the Group had to make large-scale provisions out of the prudence principle for goodwill and certain sole advertising agency rights that have around HK$102.0 million in aggregate, resulting in a loss of approximately HK$200.1 million attributable to the owners of the Company.

"Caijing" is still the flagship magazine for which the Group owns an exclusive advertising agency rights. Resulting from the macroeconomic downturn in China, the revenue from "Caijing" experienced a significant decrease in current year. The advertising revenue related to "China Auto Pictorial", "Sports Illustrated", "Real Estate" also dropped by a large margin with the exception that "CapitalWeek" recording an approximately 35.0% year-on-year growth due to a positive China stock market during the first half of the year 2015.

The macroeconomic downturn in China may continue for some time. Innovation and frugality will lead us through such adverse times and therefore the Group will further close down any loss-making magazine in a decisive way and endeavor to grow in new business areas.

OUTLOOK OF 2016

The picture of China economy does not look any better in 2016, with the macro environment being difficult more than ever. Regarding the advertising business in China, the Group will promote innovation and frugality to tide over such hard times.

On 22 January 2016, SEEC Media Securities Limited, an indirectly wholly-owned subsidiary of the Company, was granted by the Securities and Futures Commission a license to carry out Type 1 (dealing in securities) regulated activity. It is expected that the Group can benefit from the increase of equity fund raising activities in Hong Kong by active participation in the business of dealing in securities.

Looking forward for future development, the Group will continue to explore business opportunities and diversify its business scope.

MANAGEMENT DISCUSSION AND ANALYSIS

For the year ended 31 December 2015, the Group recorded the revenue of approximately HK$286.7 million, representing a decrease of approximately 35.4% as compared with the revenue of approximately HK$443.6 million in 2014. The Group's revenue was decreased because of the adverse effects on the Group's operating environment as a result of keen competition, decrease in customers' spending in print media advertising and decrease in advertising revenue from the Group's conferences and events activities in China. The gross profit ratio dropped slightly to approximately 51.6 % as compared to that of last year (2014: approximately 52.0%).

During the year, in view of the severity of the difficult business environment and pessimistic outlook of the Group's operation, the Group had made provisions for impairment loss on sole advertising agency rights in certain magazines of approximately HK$40.2 million (2014: approximately HK$37.2 million) and impairment loss on goodwill of approximately HK$61.8 million (2014: approximately HK$19.5 million). There were unrealised fair value losses and realised losses on held-for-trading investments of approximately HK$32.3 million (2014: nil) and approximately HK$20.3 million (2014: nil) respectively for certain investments held by the Group.

The selling and distribution costs were decreased by approximately 28.2% from approximately HK$203.3 million to approximately HK$146.0 million, mainly due to the decrease in selling and promotional effort which was in line with the decrease in advertising agency revenue. The administrative expenses decreased by approximately 38.4% from approximately HK$106.3 million to approximately HK$65.4 million. The decrease was mainly due to the fact that in 2014, there was an equity-settled share-based payment expenses of approximately HK$47.0 million which was the fair value of the unlisted warrants issued by the Company when the service in exchange of the warrants were received by the Company in 2014 and there was no such expenses in 2015. Excluding the effect of such share based payment expenses of last year, the administrative expenses was increased by approximately 10.4% during the year mainly because of (i) the additional expenses incurred in relation to the open offer of the ordinary shares of the Company during the year; and (ii) the additional cost and expenses incurred to develop new securities trading and dealing businesses and to obtain the required license by the Group.

During the year, the Group recognised approximately HK$8.1 million (2014: approximately HK$16.5 million) share of profit from Mondadori-SEEC (Beijing) Advertising Co. Ltd., a joint venture for the operation of Grazia magazine in China. The luxury and high-end consumer market in China slowed down during the year and the advertising revenue and profitability of the joint venture for Grazia magazine contracted accordingly.

During the year, the Group subscribed 1,400,000,000 shares of the GreaterChina Professional Services Limited ("GreaterChina") at a consideration of HK$140 million. As at 31 December 2015, the Group held approximately 28.82% equity interest of the enlarged issued share capital of GreaterChina. The Group accounted for its investment in the equity interest of GreaterChina as interest in an associate. The Group had shared the loss of approximately HK$2.2 million (2014: nil) of GreaterChina since its acquisition during the year.

The Group recorded a decrease of finance costs to approximately HK$0.6 million, from HK$2.5 million in 2014 which the decrease mainly comprised of interest on bank loans because there was no bank loan arranged during the year 2015.

The loss attributable to shareholders for this year amounted to approximately HK$200.1 million (2014: approximately HK$121.2 million).

To preserve financial resources for future operation of the Group, the Board did not recommend the payment of a dividend for the year 2015 (2014: nil).

MATERIAL TRANSACTIONS AND EVENTS

Use of proceeds from exercise of warrants

On 26 September 2014, the Company entered into a consultancy agreement with a consultancy service company, who is an independent third party, in relation to the issuance of 347,000,000 unlisted warrants (the "Warrants"), with subscription price of HK$0.001 per warrant, conferring rights to subscribe for up to 347,000,000 new ordinary shares of the Company for its service provided at an exercise price of HK$0.69 per share, which were exercisable immediately after the date of issue of the Warrants up to 18 November 2015. During the year ended 31 December 2015, the consultancy service company exercised its rights and subscribed 347,000,000 ordinary shares of the Company. The net proceeds from the exercise of the Warrants were HK$239.43 million.

Up to the date of this announcement, the entire amount of such net proceeds have been fully utilised as intended.

Subscription of shares

On 9 July 2015, Laberie Holdings Limited (the "Subscriber"), a directly wholly-owned subsidiary of the Company and GreaterChina, a company incorporated in the Cayman Islands with limited liability, the shares of which are listed on the Growth Enterprise Market of the Stock Exchange of Hong Kong Limited (the "Stock Exchange") entered a share subscription agreement, pursuant to which GreaterChina has conditionally agreed to issue, and the Subscriber has conditionally agreed to subscribe, 1,400,000,000 new shares of GreaterChina (the "Subscription Shares") at the consideration of HK$140 million (the "Share Subscription"). The Share Subscription was completed on 15 October 2015.

The Subscription Shares represent approximately 28.82% of the enlarged issued share capital of GreaterChina as enlarged by the issue and allotment of the Subscription Shares immediately after the completion of the Share Subscription. The Group accounted for its investment in the equity interests in GreaterChina as interest in an associate. GreaterChina is principally engaged in (i) asset advisory services and asset appraisal; (ii) corporate services and consultancy, (iii) media advertising; and (iv) financial services, including money lending and has a money lending license.

For details of the Share Subscription, please refer to the announcements of the Company dated 10 July 2015, 30 September 2015 and 15 October 2015.

Change of domicile, change of constitutional documents, cancellation of share premium account and capital reorganisation

On 9 September 2015, the Board proposed, among other things, the following changes, subject to the approval of the shareholders at the extraordinary general meeting by way of special resolution (the "Proposed Changes"):

(1) to change the domicile of the Company from the Cayman Islands to Bermuda by way of deregistration in the Cayman Islands and continuation as an exempted company under the laws of Bermuda (the "Change of Domicile");

(2) to adopt a new memorandum of continuance and new bye-laws of the Company to replace, respectively, the then existing memorandum of association and the articles of association of the Company;

(3) to cancel the entire amount standing to the credit of the share premium account of the Company and to transfer the credits arising from such cancellation to an account designated as the contributed surplus account of the Company before the Change of Domicile becoming effective (the "Cancellation of Share Premium Account"); and

(4) to reorganise the Company's issued share capital (the "Capital Reorganisation") which comprises:

    (i) the consolidation of existing shares in the issued share capital of the Company whereby every two issued existing shares of nominal value of HK$0.10 each would be consolidated into one consolidated share of nominal value of HK$0.20 each (the "Share Consolidation"); and

    (ii) the reduction of the Company's issued share capital whereby: (a) the nominal value of all the issued consolidated shares should be reduced from HK$0.20 each to HK$0.10 each through a cancellation of the paid-up capital of the Company to the extent of HK$0.10 on each of the issued consolidated share; and (b) any fractional consolidated share in the issued share capital of the Company arising from the Share Consolidation should be cancelled.

An extraordinary general meeting of the Company was held on 12 October 2015 and the Proposed Changes were passed by special resolutions.

The Company has been deregistered in the Cayman Islands and duly continued in Bermuda as an exempted company under the laws of Bermuda and the Change of Domicile became effective on 26 October 2015 (Bermuda time). In connection with the Change of Domicile, the new memorandum of continuance and the new bye-laws has have been adopted by the Company with effect from 26 October 2015 (Bermuda Time).

The Capital Reorganisation became effective on 16 November 2015. Upon the Capital Reorganisation becoming effective, the board lot size for trading of the new shares would be changed from 2,000 to 20,000.

For details of the Change of Domicile, the Cancellation of Share Premium Account and the Capital Reorganisation, please refer to the announcements of the Company dated 9 September 2015, 27 October 2015 and 13 November 2015 and the circular of the Company dated 18 September 2015.

Results of the open offer

On 9 September 2015, the Company proposed to raise gross proceeds of up to approximately HK$531.13 million, before expenses, by way of an open offer of 5,311,287,930 ordinary shares of HK$0.10 each to the qualifying shareholders at a subscription price of HK$0.10 per offer share, on the basis of five offer shares for every one existing shares held on the record date (the "Open Offer"). The Open Offer was conditional upon the Change of Domicile and the Capital Reorganisation which became effective on 26 October 2015 and 16 November 2015 respectively. On 29 December 2015, 5,311,287,930 offer shares were allotted and issued pursuant to the Open Offer. The net proceeds for the Open Offer were approximately HK$518.27 million.

Up to the date of this announcement, approximately 4% of such net proceeds had been applied for the set-up and operation of a company licensed under the Securities and Futures Ordinance (the "SFO") to conduct Type 1 (dealing in securities) regulated activity under the SFO.

For details of the Open Offer, please refer to the announcements of the Company dated 19 August 2015, 9 September 2015, 23 November 2015 and 28 December 2015, the circular of the Company dated 4 November 2015 and the prospectus of the Company dated 4 December 2015.

LIQUIDITY AND FINANCIAL RESOURCES

The Group's daily operating activities were mainly financed by internal resources. The equity fund raised in the Open Offer will be used for development of other business opportunities. As at 31 December 2015, the Group's equity was approximately HK$945.5 million (2014: approximately HK$371.9 million). The Group had non-current liabilities of approximately HK$0.09 million as at 31 December 2015 of receipt in advance (2014: HK$0.1 million). As at 31 December 2015, the Group's gearing ratio was approximately 24.2% representing a percentage of total liabilities over total assets (2014: approximately 40.3%). The decrease in the Group's gearing ratio was mainly attributable to the equity fund raised in Open Offer.

As at 31 December 2015, the Group had a 8% per annum fixed interest borrowing repayable within one year of HK$35 million (2014: nil). The Group had non-interest bearing amount due to a shareholder of the Company of approximately HK$90.2 million (2014: approximately HK$50.3 million) which were mainly for financing the working capital and operational requirements in Hong Kong.

As at 31 December 2015, the Group had bank and cash balances amounted to approximately HK$746.7 million (2014: approximately HK$138.2 million) because of the equity fund raised in the Open Offer completed in December 2015.

CHARGES ON ASSETS

As at 31 December 2015, the Group had no charge on its assets (2014: nil).

COMMITMENTS

(a) Operating lease commitments

As lessee

At the end of the reporting period, the Group had outstanding commitments for future minimum lease payments under non-cancellable operating leases, which fall due as follows:

	2015	2014
	HK$'000	*HK$'000*
Within one year	**10,772**	13,027
In the second to fifth year inclusive	**3,598**	6,674
	14,370	19,701

Operating lease payments represent rentals payable by the Group for its office premises. Leases are negotiated for a term ranging from nine months to 3 years.

(b) Other commitments

Pursuant to several agreements entered into between the Company and magazine publication companies, being independent third parties, the Company at the end of the reporting period had commitments to make payments to certain magazines publication companies for agency rights of advertising on their magazines which fall due as follows:

	2015	2014
	HK$'000	*HK$'000*
Within one year	**2,340**	3,686
In the second to fifth year inclusive	**7,020**	9,360
Over five years	**–**	–
	9,360	13,046

The amount recognised as an expense (included in cost of sales) in the year was approximately HK$6,728,508 (2014: approximately HK$6,463,248).

FOREIGN CURRENCIES AND TREASURY POLICY

Most of the Group's business transactions, assets and liabilities are denominated in Hong Kong Dollars, United States Dollars or Renminbi. It is the Group's treasury policy to manage its foreign currency exposure whenever its financial impact is material to the Group. During the year, apart from the bank borrowing, the Group had a fixed interest rate borrowing amounting HK$35 million from a money lender and had not engaged in any financial instruments for hedging or speculative activities.

EMPLOYEES

As at 31 December 2015, the Group had 478 (2014: 635) employees in Hong Kong and PRC. Salaries, bonuses and benefits were decided in accordance with market conditions and performance of the respective employees.

SHARE OPTION SCHEMES

The Company operates a share option scheme (the “Share Option Scheme”) which was adopted on 26 August 2002. On 11 May 2012, the Company adopted a new share option scheme, of which all terms and conditions are the same as the Share Option Scheme. During the year, no (2014: nil) share option was granted to directors and employees of the Group. As at 31 December 2015, the number of share issuable under share options granted after adjustments for capital reorganisation and open offer of the Company under the Share Option Scheme was approximately 3,424,000.

EVENT AFTER THE REPORTING PERIOD

On 22 January 2016, a indirectly wholly-owned subsidiary of the Company was granted by the Securities and Futures Commission a license to carry out Type 1 (dealing in securities) regulated activity under Securities and Futures Ordinance, Cap. 571.

PURCHASE, REDEMPTION OR SALE OF LISTED SECURITIES OF THE COMPANY

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

CORPORATE GOVERNANCE PRACTICES

The Company has complied with the code provisions set out in the Corporate Governance Code and Corporate Governance Report (the “Code”) as set out in Appendix 14 to the Rules Governing the Listing of Securities on the Stock Exchange (the “Listing Rules”) throughout the year ended 31 December 2015, except for the Code provisions (i) A.1.3 and A.7.1 whereas notice of board meeting and board paper are not given to directors in the stipulated time frame as the Company adopts a more flexible approach (and yet sufficient time has been given) in convening board meetings; (ii) A.2.1 whereas there is no separation of the role of Chairman and Chief Executive Officer. Mr. Wang Boming assumes the role of both the Chairman and the Chief Executive Officer; (iii) A.4.1 whereas all non-executive directors of the Company are not appointed for a specific term as they are subject to retirement and rotation in accordance with the Company’s articles of association; (iv) A.6.7 whereas Mr. Zhang Ke and Mr. Ding

Yu Cheng, being the independent non-executive directors of the Company at the time, were absent from the annual general meeting held on 11 May 2015 due to their other business engagements; and (v) E.1.2 stipulates that the chairman of the board should attend the annual general meeting. The chairman of the Board was absent from the annual general meeting held on 11 May 2015 due to his prior business engagement. Mr. Zhang Zhifang, an Executive Director and the elected chairman of that meeting, was available to answer question in that meeting.

MODEL CODE FOR SECURITIES TRANSACTIONS BY DIRECTORS

The Company has adopted the Model Code for Securities Transaction by Directors of Listed Issuers set out in Appendix 10 of the Listing Rules (the "Model Code"). Following specific enquiry by the Company, all directors confirmed that they have complied with the required standards as set out in the Model Code throughout the year ended 31 December 2015.

AUDIT COMMITTEE

The Audit Committee reviewed with management the accounting principles and practices adopted by the Group and discussed internal control and financial report matters including the review of the audited financial statements for the year ended 31 December 2015.

PUBLICATION OF ANNUAL REPORT ON THE WEBSITE OF THE STOCK EXCHANGE

The Annual Report of the Company containing the information required by Appendix 16 to the Listing Rules will be published on the website of the Stock Exchange in the due course.

By Order of the Board
SEEC Media Group Limited
Li Leong
Executive Director

Hong Kong, 24 March 2016

As at the date hereof, the Board comprises Mr. Wang Boming, Mr. Zhang Zhifang, Mr. Dai Xiaojing, Mr. Zhou Hongtao, Mr. Li Leong and Mr. Li Xi as executive directors and Mr. Ding Yu Cheng, Mr. Law Chi Hung and Ms. Wensy Ip as the independent non-executive directors.