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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 2022

The board of directors (the “Board”) of SEEC Media Group Limited (the “Company”) is pleased to announce the audited consolidated results of the Company and its subsidiaries (the “Group”) for the year ended 31 December 2022 as follows:

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the year ended 31 December 2022

	Notes	2022 HK\$'000	2021 HK\$'000
Revenue	3	73,163	68,350
Cost of sales		(31,920)	(26,691)
Gross profit		41,243	41,659
Other income		2,304	1,375
Fair value changes on financial assets at fair value through profit or loss		(30,726)	10,026
Other gains and losses, net	5	(74,525)	(61,612)
Selling and distribution costs		(2,325)	(3,313)
Administrative expenses		(22,818)	(25,636)
Share of results of a joint venture		6,618	(11,542)
Share of results of an associate		(9,325)	(45)
Reversal of impairment loss on interest in an associate		5,244	5,119
(Provision)/reversal of impairment loss on interest in a joint venture		(1,308)	2,733
Finance costs	6	(1,676)	(2,301)
Loss before taxation	7	(87,294)	(43,537)
Taxation	8	(1,969)	(1,054)
Loss for the year		(89,263)	(44,591)

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME (Continued)

For the year ended 31 December 2022

	Note	2022 <i>HK\$'000</i>	2021 <i>HK\$'000</i>
Other comprehensive income/(expense)			
<i>Items that may be reclassified subsequently to profit or loss:</i>			
Share of other comprehensive expense of an associate		(399)	(34)
Exchange differences arising on translation		(8,689)	(4,881)
Share of exchange differences of a joint venture		(762)	394
		<u>(9,850)</u>	<u>(4,521)</u>
Total comprehensive expense for the year		<u>(99,113)</u>	<u>(49,112)</u>
Loss for the year attributable to:			
Owners of the Company		(82,473)	(40,136)
Non-controlling interests		(6,790)	(4,455)
		<u>(89,263)</u>	<u>(44,591)</u>
Total comprehensive expense attributable to:			
Owners of the Company		(92,614)	(44,598)
Non-controlling interests		(6,499)	(4,514)
		<u>(99,113)</u>	<u>(49,112)</u>
Loss per share (<i>HK\$</i>)			
Basic	9	<u>(0.13)</u>	<u>(0.08)</u>
Diluted		<u>(0.13)</u>	<u>(0.08)</u>

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 31 December 2022

		2022	2021
	<i>Notes</i>	<i>HK\$'000</i>	<i>HK\$'000</i>
Non-current assets			
Property, plant and equipment		2,020	2,591
Interest in a joint venture		10,436	5,888
Convertible bond		3,775	–
Interest in an associate		15,120	19,600
Deposits		1,284	1,284
Right-of-use assets		156	509
		<u>32,791</u>	<u>29,872</u>
Current assets			
Accounts receivable	<i>11</i>	62,376	127,695
Loan receivables	<i>12</i>	146,259	164,903
Amounts due from related companies		1,657	2,177
Other receivables, deposits and prepayments		55,987	58,512
Held-for-trading investments		35,300	59,140
Bank balances (trust and segregated accounts)		9,830	24,827
Bank balances (general accounts) and cash		82,994	25,101
		<u>394,403</u>	<u>462,355</u>
Current liabilities			
Accounts payable	<i>13</i>	19,072	37,384
Other payables and accruals		43,003	65,835
Amount due to a joint venture		22,911	25,494
Amounts due to related companies		81,971	77,037
Borrowings	<i>14</i>	13,519	3,157
Tax payable		14,432	15,848
Lease liabilities		4,015	4,073
		<u>198,923</u>	<u>228,828</u>
Net current assets		<u>195,480</u>	<u>233,527</u>
Total assets less current liabilities		<u>228,271</u>	<u>263,399</u>

CONSOLIDATED STATEMENT OF FINANCIAL POSITION (Continued)*As at 31 December 2022*

	<i>Notes</i>	2022 HK\$'000	2021 <i>HK\$'000</i>
Non-current liabilities			
Borrowing	<i>14</i>	20,000	–
Lease liabilities		2,674	6,689
		<u>22,674</u>	<u>6,689</u>
Net assets		<u>205,597</u>	<u>256,710</u>
Capital and reserves			
Share capital		7,361	6,161
Reserves		210,137	255,951
		<u>217,498</u>	<u>262,112</u>
Equity attributable to owners of the Company		217,498	262,112
Non-controlling interests		(11,901)	(5,402)
		<u>205,597</u>	<u>256,710</u>
Total equity		<u>205,597</u>	<u>256,710</u>

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2022

1. GENERAL

SEEC Media Group Limited (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 the Cayman Islands 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 Company acts as investment holding company and its subsidiaries are principally engaged in the provision of advertising agency services and distribution of books and magazines in the People’s Republic of China (“PRC”) and the securities broking business, money lending business and provision of e-commerce platform services and sales of high-tech products in Hong Kong.

These consolidated financial statements are presented in Hong Kong dollars (“HK\$”), which is different from the Company’s functional currency of Renminbi (“RMB”). The directors of the Company adopted HK\$ as presentation currency. For the convenience of the financial statements users, the consolidated financial statements are presented in HK\$, as the Company’s shares are listed on the Stock Exchange.

2. APPLICATION OF AMENDMENTS TO HONG KONG FINANCIAL REPORTING STANDARDS (“HKFRSs”)

(A) Amendments to HKFRSs that are mandatorily effective for the current year

In the current year, the Group has applied the following amendments to HKFRSs issued by the Hong Kong Institute of Certified Public Accountants (“HKICPA”) for the first time, which are mandatorily effective for the annual periods beginning on or after 1 January 2022 for the preparation of the consolidated financial statements:

Amendments to HKFRS 3	Reference to the Conceptual Framework
Amendment to HKFRS 16	Covid-19-Related Rent Concessions beyond 30 June 2021
Amendments to HKAS 16	Property, Plant and Equipment – Proceeds before Intended Use
Amendments to HKAS 37	Onerous Contracts – Cost of Fulfilling a Contract
Amendments to HKFRSs	Annual Improvements to HKFRSs 2018-2020

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

(B) New and amendments to HKFRSs in issue but not yet effective

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

HKFRS 17 (including the October 2020 and February 2022 Amendments to HKFRS 17)	Insurance Contracts ¹
Amendments to HKFRS 10 and HKAS 28	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture ²
Amendments to HKFRS 16	Lease Liability in a Sale and Leaseback ³
Amendments to HKAS 1	Classification of Liabilities as Current or Non-current and related amendments to Hong Kong Interpretation 5 (2020) ³
Amendments to HKAS 1	Non-current Liabilities with Covenants ³
Amendments to HKAS 1 and HKFRS Practice Statement 2	Disclosure of Accounting Policies ¹
Amendments to HKAS 8	Definition of Accounting Estimates ¹
Amendments to HKAS 12	Deferred Tax related to Assets and Liabilities arising from a Single Transaction ¹

¹ Effective for annual periods beginning on or after 1 January 2023.

² Effective for annual periods beginning on or after a date to be determined.

³ Effective for annual periods beginning on or 1 January 2024.

The directors of the Company anticipate that the application of all new and amendments to HKFRSs will have no material impact on the consolidated financial statements in the foreseeable future.

3. REVENUE

Revenue represents the gross invoiced value of advertising services, sales of books and magazines, commission and brokerage income arising from securities broking services, e-commerce platform services income, interest income arising from securities broking business, interest income from loan receivables and gross invoiced value of sales of high-tech products. An analysis of the Group's revenue is as follows:

	2022 <i>HK\$'000</i>	2021 <i>HK\$'000</i>
Revenue from contracts with customers within the scope of HKFRS 15:		
Advertising services income	50,239	36,954
Sales of books and magazines	–	–
Commission and brokerage income	1,831	4,473
E-commerce platform services income	2,912	3,798
Sales of high-tech products	3,786	2,374
	<hr/> 58,768	<hr/> 47,599
Revenue from other sources:		
Interest income arising from securities broking business	6,348	6,555
Interest income from loan receivables	8,047	14,196
	<hr/> 14,395	<hr/> 20,751
	<hr/> 73,163	<hr/> 68,350
Timing of revenue recognition:		
A point of time	5,617	6,847
Over time	53,151	40,752
	<hr/> 58,768	<hr/> 47,599

4. SEGMENT INFORMATION

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 is principally engaged in (a) provision of advertising services and sales of books and magazines; (b) provision of securities broking services including brokerage, financing and underwriting and placement; (c) provision of e-commerce platform services and sales of high-tech products; and (d) money lending.

The accounting policies of the reportable segments are the same as the Group's accounting policies. Segment result represents the profit or loss earned by each segment without allocation of unallocated administration expenses, other income, other gains and losses, net, share of results of a joint venture, share of loss of an associate, fair value changes on held-for-trading investments, finance costs, reversal/(provision) of impairment loss on an associate and reversal/(provision) of impairment loss on interest in a joint venture. 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.

Segment revenues and results

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

For the year ended 31 December 2022

	Provision of advertising services and sales of books and magazines <i>HK\$'000</i>	Provision of securities broking services <i>HK\$'000</i>	Provision of e-commerce platform services and sales of high-tech products <i>HK\$'000</i>	Money lending <i>HK\$'000</i>	Consolidated <i>HK\$'000</i>
Revenue					
External sales	<u>50,239</u>	<u>8,179</u>	<u>6,698</u>	<u>8,047</u>	<u>73,163</u>
Result					
Segment profit/(loss)	<u>15,788</u>	<u>3,397</u>	<u>(436)</u>	<u>2,668</u>	21,417
Other income					2,304
Fair value changes on financial assets at fair value through profit or loss					(30,726)
Other gains and losses, net					(74,525)
Unallocated administration expenses					(5,317)
Share of results of a joint venture					6,618
Share of results of an associate					(9,325)
Reversal of impairment loss on interest in an associate					5,244
Provision of impairment loss on interest in a joint venture					(1,308)
Finance costs					<u>(1,676)</u>
Loss before taxation					<u>(87,294)</u>

For the year ended 31 December 2021

	Provision of advertising services and sales of books and magazines <i>HK\$'000</i>	Provision of securities broking services <i>HK\$'000</i>	Provision of e-commerce platform services and sales of high-tech products <i>HK\$'000</i>	Money lending <i>HK\$'000</i>	Consolidated <i>HK\$'000</i>
Revenue					
External sales	<u>36,954</u>	<u>11,028</u>	<u>6,172</u>	<u>14,196</u>	<u>68,350</u>
Result					
Segment profit/(loss)	<u>10,011</u>	<u>1,730</u>	<u>(4,018)</u>	<u>10,267</u>	17,990
Other income					1,375
Fair value changes on financial assets at fair value through profit or loss					10,026
Other gains and losses, net					(61,612)
Unallocated administration expenses					(5,280)
Share of results of a joint venture					(11,542)
Share of results of an associate					(45)
Reversal of impairment loss on interest in an associate					5,119
Reversal of impairment loss on interest in a joint venture					2,733
Finance costs					<u>(2,301)</u>
Loss before taxation					<u>(43,537)</u>

Geographical information

The Group's operations are located in the PRC and Hong Kong.

Information about the Group's revenue from external customers is presented based on the location of the operations. Information about the Group's non-current assets is presented based on the geographical location of the assets.

	Revenue from external customers		Non-current assets (Note)	
	2022 <i>HK\$'000</i>	2021 <i>HK\$'000</i>	2022 <i>HK\$'000</i>	2021 <i>HK\$'000</i>
PRC	45,574	43,127	461	647
Hong Kong	27,589	25,223	1,715	2,453
	<u>73,163</u>	<u>68,350</u>	<u>2,176</u>	<u>3,100</u>

Note: Non-current assets excluded deposits, interests in a joint venture, investment in equity instrument at fair value through other comprehensive income and interest in an associate.

Information about major customers

There is no customer from provision of advertising services, sales of books and magazines, provision of securities broking services, provision of e-commerce platform services and sale of high-tech products, and money lending segment which contributed over 10% of the total revenue of the Group.

5. OTHER GAINS AND LOSSES, NET

	2022 <i>HK\$'000</i>	2021 <i>HK\$'000</i>
Impairment losses on financial assets, net	(91,253)	(54,546)
Exchange differences, net	16,145	(7,175)
Gains on disposal of property, plant and equipment	(96)	–
Others	679	109
	<u>(74,525)</u>	<u>(61,612)</u>

6. FINANCE COSTS

	2022 <i>HK\$'000</i>	2021 <i>HK\$'000</i>
Interest on borrowings wholly repayable within five years	1,325	1,826
Interest on lease liabilities	351	475
	<u>1,676</u>	<u>2,301</u>

7. LOSS BEFORE TAXATION

	2022 <i>HK\$'000</i>	2021 <i>HK\$'000</i>
Loss before taxation has been arrived at after charging:		
Auditor's remuneration	550	550
Staff costs (including directors' emoluments):		
Wages, salaries and other allowances	12,264	7,647
Contributions to retirement benefits schemes	1,018	640
Employee share option benefits	–	2,045
	<u>13,282</u>	<u>10,332</u>
Depreciation of property, plant and equipment	440	867
Depreciation of right-of-use-assets	351	484
	<u>791</u>	<u>1,351</u>
Total depreciation		
Short-term lease payments	<u>514</u>	<u>484</u>

8. TAXATION

Under the two-tiered profits tax rates regime of Hong Kong Profits Tax, the first HK\$2 million of profits of the qualifying group entity will be taxed at 8.25%, and profits above HK\$2 million will be taxed at 16.5%. The profits of group entities not qualifying for the two-tiered profits tax rates regime will continue to be taxed at a flat rate of 16.5%.

Accordingly, the Hong Kong Profits Tax of the qualifying group entity is calculated at 8.25% on the first HK\$2 million of the estimated assessable profits and at 16.5% on the estimated assessable profits above HK\$2 million.

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.

	2022 <i>HK\$'000</i>	2021 <i>HK\$'000</i>
Current taxation		
– PRC Enterprise Income Tax	–	–
– Hong Kong Profits Tax	–	–
Under/(over)-provision in prior years		
– PRC Enterprise Income Tax	–	1
– Hong Kong Profits Tax	1,969	1,053
	<u>1,969</u>	<u>1,054</u>

9. 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:

	2022 <i>HK\$'000</i>	2021 <i>HK\$'000</i>
Loss		
Loss for the purposes of basic and diluted loss per ordinary share being loss for the year attributable to owners of the Company	<u>(82,473)</u>	<u>(40,136)</u>
	2022	2021
Number of shares		
Weighted average number of ordinary shares for the purpose of basic and diluted loss per share	<u>655,923,552</u>	<u>511,411,729</u>

The computation of diluted loss per share for both years does not assume the exercise of outstanding share options of the Company since their assumed exercise would result in a decrease in loss per share, which is anti-dilutive.

10. DIVIDEND

No dividend was paid or proposed for ordinary shareholders of the Company during 2022, nor has any dividend been proposed since the end of the reporting period (2021: Nil).

11. ACCOUNTS RECEIVABLE

	2022 <i>HK\$'000</i>	2021 <i>HK\$'000</i>
Accounts receivable arising from the business of provision of advertising agency services and sales of books and magazines – less: allowance for ECL	<u>2,167</u> <u>(206)</u>	19,028 <u>(8,000)</u>
	1,961	11,028
Accounts receivable arising from the business of dealing in securities: Cash client – less: allowance for ECL	<u>181,364</u> <u>(123,065)</u>	178,594 <u>(68,785)</u>
	58,299	109,809
Accounts receivable arising from the business of e-commerce platform services and sales of high-tech products – less: allowance for ECL	<u>2,181</u> <u>(65)</u>	9,318 <u>(2,460)</u>
	2,116	6,858
	<u>62,376</u>	<u>127,695</u>

Provision of advertising agency services and sales of books and magazines

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

The aging analysis of the Group's accounts receivable arising from the provision of advertising agency services and sales of books and magazines net of allowance for ECL, presented based on date of advertising agency services provided or book and magazines issued, which approximate the date of revenue recognition is as follows:

	2022 <i>HK\$'000</i>	2021 <i>HK\$'000</i>
Less than three months	1,681	10,781
Three months to six months	143	228
Over six months to one year	71	19
Over one year	66	–
	<u>1,961</u>	<u>11,028</u>

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.

Business of dealing in securities

The credit period for the business of dealing in securities with the settlement terms of cash clients are usually one to two days after the trade date.

The Group seeks to maintain tight control over its outstanding accounts receivable of securities broking business in order to minimise credit risk. Outstanding balances are regularly monitored by management. The management ensures that the listed equity securities belonged to clients in which the Group holds as custodian are sufficient to cover the amounts due to the Group.

The receivables of cash client are repayable on demand subsequent to settlement date and carry interest at Hong Kong Prime rate plus 3% per annum as at 31 December 2022 and 2021.

No ageing analysis is disclosed, as in opinion of the directors of the Company, the ageing analysis does not give additional value in view of the nature of business of the business of dealing in securities.

Provision of e-commerce platform services and sales of high-tech products

The aging analysis of the Group's accounts receivable arising from the provision of e-commerce platform services and sales of high-tech products net of allowance for ECL, presented based on date of service provided and the goods sold, which approximate the date of revenue recognition is as follows:

	2022 <i>HK\$'000</i>	2021 <i>HK\$'000</i>
Less than three months	1,513	1,720
Three months to six months	175	1,286
Over six months to one year	428	3,004
Over one year	–	848
	<u>2,116</u>	<u>6,858</u>

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.

12. LOAN RECEIVABLES

Loan receivables carried fixed interest rates ranging from 8% to 10% per annum as at 31 December 2022 and 2021 and will be repaid in accordance with the terms of the loan agreements.

	2022 <i>HK\$'000</i>	2021 <i>HK\$'000</i>
Loan receivables	188,975	188,817
– less: allowance for ECL	(42,716)	(23,914)
	<u>146,259</u>	<u>164,903</u>
Analysed as		
Secured	85,857	99,763
Unsecured	60,402	65,140
	<u>146,259</u>	<u>164,903</u>

Loan receivables are analysed by the remaining period to contractual maturity date as follows:

	2022 <i>HK\$'000</i>	2021 <i>HK\$'000</i>
Overdue	–	35,078
Less than three months	5,773	–
Three months to six months	53,708	49,695
Over six months to one year	86,778	80,130
	<u>146,259</u>	<u>164,903</u>

13. ACCOUNTS PAYABLE

	2022 <i>HK\$'000</i>	2021 <i>HK\$'000</i>
Accounts payable arising from the provision of advertising agency service and sales of books and magazines	8,393	7,590
Accounts payable arising from the business of dealing in securities		
– Cash clients	9,627	24,270
– Hong Kong Securities Clearing Company Limited	202	245
Accounts payable arising from the provision of e-commerce platform service and sales of high-tech products	850	5,279
	<u>19,072</u>	<u>37,384</u>

Provision of adverting agency services and sales of books and magazines

The aging analysis of the Group's accounts payables arising from the provision of advertising agency services and sales of books and magazines presented based on the invoice date at the end of the reporting period is as follows:

	2022 <i>HK\$'000</i>	2021 <i>HK\$'000</i>
Less than three months	1,038	1,012
Three months to six months	1,114	888
Over six months to one year	1,000	664
Over one year	5,241	5,026
	<u>8,393</u>	<u>7,590</u>

The average credit period granted by accounts payables is 90 days (2021: 90 days). The Group has financial risk management policies in place to ensure that all payables are within the credit time frame.

Business of dealing securities

The balance of accounts payable arising from the securities broking business are repayable on demand except where certain accounts payable to clients represent margin deposits received from clients for their trading activities under normal course of business. Only the excess amounts over the required margin deposits stipulated are repayable on demand.

No aging analysis is disclosed as in the opinion of the directors of the Company, the aging analysis does not give additional value in view of the nature of this business.

As at 31 December 2022, the accounts payable amounting to approximately HK\$9,829,000 (2021: approximately HK\$24,827,000) were payable to clients in respect of the trust and segregated bank balances received and held for clients in the course of the conduct of regulated activities. However, the Group does not have a currently enforceable right to offset these payables with the deposits placed.

Provision of e-commerce platform services and sales of high-tech products

The aging analysis of the Group's accounts payable arising from the provision of e-commerce platform service and sales of high-tech products presented based on the invoice date at the end of the reporting period is as follows:

	2022 <i>HK\$'000</i>	2021 <i>HK\$'000</i>
Less than three months	655	1,669
Three months to six months	296	1,382
Over six months to one year	5	1,846
Over one year	–	382
	<u>956</u>	<u>5,279</u>

The average credit period granted by accounts payables is 61 days (2021: 61 days). The Group has financial risk management policies in place to ensure that all payables are within the credit time frame.

14. BORROWINGS

	2022 <i>HK\$'000</i>	2021 <i>HK\$'000</i>
Margin payables	3,419	3,157
Bond payables	20,947	–
Other loan	9,153	–
	<u>33,519</u>	<u>3,157</u>

As at 31 December 2022 and 2021, margin financing from a regulated securities broker was granted to the Group which were secured by the Group's held-for-trading investments. Amount of margin payables of approximately HK\$3,419,000 (2021: approximately HK\$3,157,000) as at 31 December 2022 had been utilised against these facilities and the total carrying amount of the held-for-trading investments charged to the securities broker was approximately HK\$6,660,000 (2021: approximately HK\$15,329,000).

15. EVENTS AFTER REPORTING PERIOD

There are no significant events after the reporting period that is required to be reported.

BUSINESS REVIEW

Advertising and Sales of Books and Magazines

Over the years, the Group had provided advertising and marketing related services for its customers in China such as organizing promotional events and forums, providing and assisting in marketing research and promotional projects. Revenue derived from the business of advertising and sales of books and magazines and marketing related services was one of the major sources of income to the Group. However, due to the negative impact on global economy caused by the trade war between the US and China and the rapid development of the internet economy in China over the past few years, the Group's print media advertising business faced difficult and challenging business environment in the recent year. The operational scale of the print media advertising business of the Group in China was substantially reduced due to the adverse impact of COVID-19 pandemic and the expiry of all its exclusive advertising contracts with various magazines owners or operators. As a result, the Group's revenue derived from the advertising and sales of books and magazines and marketing related services were adversely affected.

To diversify its advertising business revenue, the Group had proactively developed digital media marketing services and multi-channel network (MCN) business since 2020. The revenue derived from the provision of advertising and marketing related services for the period was approximately HK\$50.2 million, representing approximately 68.7% of the total revenue of the Group.

Securities Broking

The Group was granted by the Securities and Futures Commission a license to carry out Type 1 (dealing in securities) and Type 4 (advising on securities) regulated activities under the Securities and Futures Ordinance (Chapter 571, Laws of Hong Kong) (the "SFO"). By carrying out the securities broking business, the Group is able to be benefited from diversifying its business portfolio.

The Group provides brokerage services for clients in respect of securities listed on the Stock Exchange of Hong Kong Limited. Since the commencement of the securities broking business, the Group endeavored to provide brokerage services for the clients, as well as participate in equity fund raising transactions for Hong Kong listed companies, including placing, underwriting and initial public offering. For the year ended 31 December 2022, the commission and brokerage income and the interest income derived from the securities broking business amounted to approximately HK\$8.2 million in total, representing approximately 11.2% of the total revenue of the Group.

Money Lending

In order to strengthen the flexibility of the Group so that it is able to react to the changing market situation promptly, the Group also provides diversified financial services to its clients through developing money lending services. It is believed that the money lending business will be able to leverage the existing financial business of the Group and broaden the Group's income stream. The Group carries on the money lending business through an indirect non-wholly owned subsidiary of the Company, which is a licensed money lender under the Money Lenders Ordinance (Chapter 163, Laws of Hong Kong). For the year ended 31 December 2022, the interest income from loan receivables arising from the money lending business amounted to approximately HK\$8.0 million, representing approximately 10.9% of the total revenue of the Group.

E-commerce

Since 2016, the Group started engaging in the provision of services and sales of goods in relation to e-commerce platforms. For the year ended 31 December 2022, the revenue contributed by the provision of e-commerce platform services and sales of high-tech products was approximately HK\$6.7 million, representing approximately 9.2% of the total revenue of the Group.

OUTLOOK AND PROSPECT

The global economy in year of 2023 remains uncertain and challenging. The rising inflation and interest hike, the China-US trade war and conflict between Russia and Ukraine will be the greatest challenges to the local and global economic recovery. However, PRC's adjustment to the pandemic prevention policy at the end of 2022 and a series of economic policy stimulus which may improve market sentiment and bring improvements in the external environment.

Looking forward, it is expected that the equity fund raising market and the financial activities in Hong Kong will remain stable in long-term. The Group will continue its effort to strengthen its own financial business. The Group will also actively develop its advertising business, especially the digital media marketing and the MCN business which the Board considers that the market is growing rapidly in recent years. Despite the current challenging environment, the Group continue closely monitor the performance, development and potential business risks of the financial business and identify the most suitable diversification of the Group's portfolio of businesses.

The Group will maintain its cautiously optimistic outlook and explore other suitable investment opportunities which are able to bring satisfactory and sustainable returns to the Group and maximize the shareholders' value.

MANAGEMENT DISCUSSION AND ANALYSIS

FINANCIAL REVIEW

For the year ended 31 December 2022, the aggregated revenue of the Group deriving from the provision of advertising services and sales of books and magazines was approximately HK\$50.2 million, which was increased by 35.7% as compared with that of approximately HK\$37.0 million for the year ended 31 December 2021.

For the year ended 31 December 2022, the revenue of the Group deriving from the securities broking business, the e-commerce business and the money lending business were approximately HK\$8.2 million (2021: approximately HK\$11.0 million), approximately HK\$6.7 million (2021: approximately HK\$6.2 million) and approximately HK\$8.0 million (2021: approximately HK\$14.2 million) respectively. The securities broking business was commenced during the first half of the year 2016 while both of the e-commerce business and the money lending business were commenced during the second half of the year 2016.

The overall gross profit margin of the Group for the year ended 31 December 2022 was approximately 56.4%, which was lower than that for the year ended 31 December 2021 of approximately 61.0%. The lower gross profit margin in current year was attributable to the decrease in proportion of revenue contributed by the business segments with high gross profit margin.

The Group held certain held-for-trading investments comprising of equity securities listed in Hong Kong. For the year ended 31 December 2022, there were fair value loss on held-for-trading investments of approximately HK\$30.7 million (2021: fair value gains of approximately HK\$10.0 million).

The selling and distribution costs for the year ended 31 December 2022 was approximately HK\$2.3 million, decreased by approximately 43.5% from approximately HK\$3.3 million for the year 2021. The decrease was conform with the decrease in revenue.

The administrative expenses decreased by approximately 10.9% from approximately HK\$25.6 million for the year 2021 to approximately HK\$22.8 million for the year 2022.

For the year ended 31 December 2022, a share of gain from Mondadori-SEEC (Beijing) Advertising Co. Ltd., a joint venture of the Group, of approximately HK\$6.6 million (2021: share of loss of approximately HK\$11.5 million) was recognised. For the year ended 31 December 2022, provision of impairment loss on interest in a joint venture of approximately HK\$1.3 million was recognised.

For the year ended 31 December 2022, a share of loss from Asia-Pac Financial Investment Company Limited (“Asia-Pac”), an associate of the Group, of approximately HK\$9.3 million (2021: share of loss of approximately HK\$45,000) was recognised. Asia-Pac is a company listed on the Growth Enterprise Market of the Stock Exchange of Hong Kong Limited (stock code: 8193) in which the principal businesses of its subsidiaries were provision of asset advisory services and asset appraisal, corporate services and consultancy, media advertising and financial services. For the year ended 31 December 2022, reversal of impairment loss on interest in an associate of approximately HK\$5.2 million was recognised.

The loss for the year ended 31 December 2022 attributable to owners of the Company amounted to approximately HK\$82.5 million (2021: loss of approximately HK\$40.1 million), representing an increase of approximately 105.7%. The increase was mainly due to a fair value loss on financial assets at fair value through profit or loss of approximately HK\$30.7 million in the year 2022 while a fair value gain of approximately HK\$10.0 million was recognised in the year 2021; and share of results of an associate of approximately HK\$9.3 million and partially set-off by the decrease of selling and distribution costs and administrative expenses of approximately HK\$1.0 million and approximately HK\$2.8 million as compared to the year 2021.

To preserve financial resources for future operation of the Group, the Board did not recommend the payment of a dividend for the year 2022 (2021: nil).

USE OF PROCEEDS

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”). 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.

For the 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.

On 22 June 2016, 8 July 2016 and 11 September 2020, the Company announced that the use of unutilised net proceeds had been changed.

The information on the use of proceeds from the Open Offer is tabled as follows:

	Intended use of proceeds <i>HK\$'000</i>	Actual use of net proceeds as at 31 December 2020 <i>HK\$'000</i>	Actual use of net proceeds during the year ended 31 December 2021 <i>HK\$'000</i>	Actual use of net proceeds as at 31 December 2021 <i>HK\$'000</i>	Unutilised balance of the net proceeds <i>HK\$'000</i>	Expected timeline for fully utilising the remaining proceeds
Set-up and operation of the Type 1 Company	275,000	275,000	–	275,000	–	–
Set-up and operation of companies licensed under the SFO to conduct Type 4, Type 6 and Type 9 regulated activities under the SFO	10,000	–	–	–	10,000	31 December 2023
Acquisition of companies engaged in the development and operation of e-commerce platform	124,000	124,000	–	124,000	–	–
Operation and development of money lending business	110,000	110,000	–	110,000	–	–
	<u>519,000</u>	<u>509,000</u>	<u>–</u>	<u>509,000</u>	<u>10,000</u>	

The Board expected that the unutilised balance will be used as intended.

Placing

On 20 April 2021, the Company conditionally agreed to place up to 63,735,455 ordinary shares at the placing price of HK\$0.13 per placing shares to not less than six places (the “2021 Placing”). The 2021 Placing was completed on 13 May 2021 and a total of 63,735,455 ordinary shares had been successfully placed to the placees. The net proceeds (after deducting the placing commission and other related expenses and professional fees) from the 2021 Placing amounted to approximately HK\$8.10 million. The intended use of the net proceeds from the 2021 Placing and the actual use of the net proceeds as at the date of this announcement as follows:

- (i) approximately HK\$4.1 million was intended to be applied for the lease payment of office premises and it was fully utilised;
- (ii) approximately HK\$2.0 million was intended to be applied for staff costs and it was fully utilised; and
- (iii) approximately HK\$2.0 million was intended to be applied for marketing expenses for the development of existing business of the Group and it was fully utilised.

For the details of the 2021 Placing, please refer to the announcements of the Company dated 20 April 2021 and 13 May 2021.

Subscription of New Shares

On 20 April 2021, the Company entered into a subscription agreement with a subscriber who is an independent third party, pursuant to which the subscriber conditionally agreed to subscribe for and the Company conditionally agreed to allot and issue 170,000,000 ordinary shares at the subscription price of HK\$0.13 per subscription share (the “Subscription”). The Subscription was completed on 24 June 2021, whereby 170,000,000 subscription shares were allotted and issued to the subscriber. The net proceeds (after deducting the placing commission and other related expenses and professional fees) from the Subscription amounted to approximately HK\$21.8 million. The Company intended to use such net proceeds for the repayment of the borrowing of the Group. As at the date of this announcement, the entire amount of net proceeds was fully utilised.

For the details of the Subscription, please refer to the announcements of the Company dated 20 April 2021 and 24 June 2021 and the circular of the Company dated 21 May 2021.

On 15 August 2022, the Company entered into the Subscription Agreements with the Subscribers, pursuant to which the Subscribers have conditionally agreed to subscribe for and the Company has conditionally agreed to allot and issue an aggregate of 120,000,000 new Shares at the Subscription Price of HK\$0.4 per Subscriptions Share (the “Subscriptions”). The Subscription was completed on 1 September 2022, whereby 120,000,000 subscription shares were allotted and issued to the subscribers. The net proceeds (after deducting the other expenses) from the Subscriptions amounted to approximately HK\$47.8 million. The Company intended to use such net proceeds to expand advertising business, especially the digital media marketing services and multi-channel network services of the Group. As at the date of this announcement, HK\$10million of net proceeds was utilised.

For the details of the Subscriptions, please refer to the announcements of the Company dated 15 August 2022 and 1 September 2022.

MATERIAL ACQUISITIONS AND DISPOSALS OF SUBSIDIARIES

During the year ended 31 December 2022, the Group had not made any material acquisition and disposal of subsidiaries.

SIGNIFICANT INVESTMENTS

As at 31 December 2022, the Group had held-for-trading investments, representing equity securities listed in Hong Kong, of approximately HK\$35.3 million (2021: approximately HK\$59.1 million). The Board considers that investments with market value accounting for more than 5% of the Group's total assets as 31 December 2022 as significant investments. There were no significant investments as at 31 December 2022 as no investments with market value more than 5% of the Group's total asset.

Details of one of the material held-for-trading investment, in terms of market value as at 31 December 2022, are as follows:

Company name	As at 31 December 2022			For the year ended 31 December 2022		
	Number of shares held	Proportion to the total issued share capital for the stocks	Market value <i>HK\$'000</i>	Proportion to the total assets of the Group	Unrealised fair value losses on the investments <i>HK\$'000</i>	Dividends received <i>HK\$'000</i>
China Investment and Finance Group Limited ("CIFG")	10,050,000	2.4%	6,231	1.5%	2,613	–

CIFG is principally engaged in the securities trading and investment holding.

For the year ended 31 December 2022, the Group recognised fair value loss on held-for-trading investments of approximately HK\$30.7 million (2021: fair value gains of approximately HK\$10.0 million).

Looking forward, the Board believes that the future performance of the listed investments held by the Group will be volatile and substantially affected by overall economic environment, equity market conditions, investor sentiment and the business performance and development of the investee companies.

LIQUIDITY AND FINANCIAL RESOURCES

The Group's daily operating activities were mainly financed by internal resources. As at 31 December 2022, the Group's total equity was approximately HK\$205.6 million (2021: approximately HK\$256.7 million). The decrease was mainly attributable to the loss for the current year of approximately HK\$89.3 million.

The Group had non-current liabilities of approximately HK\$22.7 million as at 31 December 2022 (2021: approximately HK\$6.7 million). The non-current liabilities as at 31 December 2022 consisted of lease liabilities and borrowing. As at 31 December 2022, the Group's gearing ratio was approximately 51.9%, representing a percentage of total liabilities over total assets (2021: approximately 47.8%).

As at 31 December 2022, the Group has approximately HK\$3.4million (2021: HK\$3.2million) margin payables, approximately HK\$20.9million (2021: Nil) bonds payables, and approximately HK\$9.2million (2021: Nil) other loan.

Save as disclosed above, the Group did not have any other borrowing as at 31 December 2022.

As at 31 December 2022, the Group had bank and cash balances (other than those in trust and segregated accounts) amounted to approximately HK\$83.0 million (2021: approximately HK\$25.1 million).

CHARGES ON ASSETS

As at 31 December 2022, the Group had pledged held-for-trading investments of approximately HK\$6.7 million (2021: approximately HK\$15.3 million) to secure the margin payables of approximately HK\$3.4 million (2021: approximately HK\$3.2 million), which was included in the borrowings of the Group.

COMMITMENTS

As at 31 December 2022, the Group had no material commitment (2021: nil).

FOREIGN CURRENCIES AND TREASURY POLICY

Most of the Group's business transactions, assets and liabilities are denominated in Hong Kong 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. As at 31 December 2022, the Group has a fixed interest rate borrowing amounting approximately HK\$3.4 million (2021: approximately HK\$3.2 million) from a regulated securities broker and had not engaged in any financial instruments for hedging or speculative activities.

EMPLOYEES

As at 31 December 2022, the Group had 46 (2021: 64) employees in Hong Kong and the PRC. Salaries, bonuses and benefits were decided in accordance with market conditions and performance of the respective employees.

EVENT AFTER THE REPORTING PERIOD

As at the date of this announcement, there were no significant event after the reporting period.

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 Board is committed to maintaining sound corporate governance and believes that good corporate governance principles and practices will bring trust and faith of the Company's stakeholders.

During the year under review, the Company has complied with all relevant 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 of Hong Kong Limited (the "Listing Rules") except for the deviations stated below:

(1) Code Provision C.5.3 and C.5.8

Code C.5.3 and C.5.8 stipulate that 14-day notice should be given for each regular board meeting and that in respect of regular meetings, and so far as practicable in all other cases, an agenda and accompanying board papers should be sent in full to all directors in a timely manner and at least 3 days before the intended date of a board or board committee meeting (or such other period as agreed).

The Company agrees that sufficient time should be given to the directors in order to make a proper decision. In these respects, the Company adopts a more flexible approach (and yet sufficient time has been given) in convening board meetings to ensure efficient and prompt management decisions could be made.

(2) Code Provision B.2.2

Code B.2.2 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. not appointed for a specific term but only subject to retirement from office by rotation and be eligible for re-election in accordance with the provisions of the Company's Bye-laws). 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 once every three years.

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 2022.

AUDIT COMMITTEE

The Audit Committee reviewed with management the accounting principles and practices adopted by the Group and discussed internal control, risk management and financial report matters including the review of the unaudited financial statements for the year ended 31 December 2022.

SCOPE OF WORK OF ELITE PARTNERS CPA LIMITED

The figures in respect of the Group’s consolidated statement of financial position, consolidated statement of profit or loss and other comprehensive income, and the related notes thereto for the year ended 31 December 2022 as set out in the announcement have been agreed by the Group’s auditor, Elite Partners CPA Limited, to the amounts set out in the Group’s consolidated financial statements. The work performed by Elite Partners CPA Limited did not constitute an assurance engagement in accordance with Hong Kong Standards on Auditing, Hong Kong Standards on Review Engagements or Hong Kong Standards on Assurance Engagement issued by the Hong Kong Institute of Certified Public Accountants and consequently no assurance has been expressed by the auditor on the preliminary announcement.

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, 31 March 2023

As at the date of this announcement, the Board comprises Mr. Li Leong, Mr. Li Wei, Mr. Li Xi, Mr. Li Zhen, Mr. Zhang Zhifang and Mr. Zhou Hongtao as the executive directors and Mr. Law Chi Hung, Mr. Leung Tat Yin and Mr. Wong Ching Cheung as the independent non-executive directors.