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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 2017

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 2017 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 2017

	Notes	2017 HK\$'000	2016 HK\$'000
Revenue	3	319,132	267,594
Cost of sales		(144,937)	(123,513)
Gross profit		174,195	144,081
Other income		3,116	8,631
Impairment loss on sole agency rights		–	(5,848)
Impairment loss on goodwill		–	(37,603)
Unrealised fair value (losses) gains on held-for-trading investments		(63,753)	77,054
Realised losses on held-for-trading investments		(96,039)	(10,419)
Other gains and losses		13,711	14,016
Selling and distribution costs		(122,560)	(111,932)
Administrative expenses		(96,391)	(73,396)
Share of profit of a joint venture		539	11,210
Share of loss of an associate		(53,413)	(25,603)
Gain on deemed disposal of an associate		11,895	–
Impairment loss on interest in an associate		(24,843)	–
Finance costs	5	(1,799)	(1,589)
Loss before taxation	6	(255,342)	(11,398)
Taxation	7	3,406	(4,948)
Loss for the year		(251,936)	(16,346)

	<i>Notes</i>	2017 HK\$'000	2016 HK\$'000
Other comprehensive (expense) income			
<i>Items that will not be reclassified subsequently to profit or loss:</i>			
Exchange differences arising on translation		7,166	(9,743)
Share of exchange differences of a joint venture		533	1,345
<i>Items that may be reclassified subsequently to profit or loss:</i>			
Share of other comprehensive (expense) income of an associate		260	(274)
Reclassification adjustment upon deemed disposal of an associate		(3,436)	–
		<u>4,523</u>	<u>(8,672)</u>
Total comprehensive expense for the year		<u>(247,413)</u>	<u>(25,018)</u>
Loss for the year attributable to:			
Owners of the Company		(251,707)	(15,200)
Non-controlling interests		(229)	(1,146)
		<u>(251,936)</u>	<u>(16,346)</u>
Total comprehensive expense attributable to:			
Owners of the Company		(246,757)	(23,872)
Non-controlling interests		(656)	(1,146)
		<u>(247,413)</u>	<u>(25,018)</u>
Loss per share (<i>HK cents</i>)			
Basic	8	<u>3.95</u>	<u>(0.24)</u>
Diluted		<u>3.95</u>	<u>(0.24)</u>

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

At 31 December 2017

	<i>Notes</i>	2017 HK\$'000	2016 <i>HK\$'000</i>
Non-current assets			
Property, plant and equipment		9,322	32,096
Sole agency rights		–	–
Other intangible assets		68,602	28,085
Goodwill		24,091	10,337
Interests in joint ventures		41,520	40,448
Available-for-sale investment		33,000	35,700
Interest in an associate		63,000	132,537
Amount due from a joint venture		12,271	–
Deposits paid		24,000	45,600
		<hr/> 275,806	<hr/> 324,803
Current assets			
Accounts receivable	<i>10</i>	258,111	170,372
Loan receivables	<i>11</i>	173,406	119,095
Amounts due from related companies		15,337	6,995
Other receivables and prepayments		34,246	35,079
Held-for-trading investments	<i>12</i>	50,352	207,603
Bank balances (trust and segregated accounts)		15,359	6,627
Bank balances (general accounts), cash and cash equivalents		131,791	339,171
		<hr/> 678,602	<hr/> 884,942
Current liabilities			
Accounts payable	<i>13</i>	34,793	19,555
Other payables and accruals		131,074	145,014
Amount due to a joint venture		6,330	1,804
Amounts due to related companies		48,357	71,796
Borrowings	<i>14</i>	21,893	23,269
Tax payable		14,742	4,369
		<hr/> 257,189	<hr/> 265,807

	2017 <i>HK\$'000</i>	2016 <i>HK\$'000</i>
Net current assets	<u>421,413</u>	<u>619,135</u>
Total assets less current liabilities	<u>697,219</u>	<u>943,938</u>
Non-current liabilities		
Deferred tax liabilities	<u>6,112</u>	<u>8,476</u>
Net assets	<u>691,107</u>	<u>935,462</u>
Capital and reserves		
Share capital	637,354	637,354
Reserves	<u>45,248</u>	<u>288,947</u>
Equity attributable to owners of the Company	682,602	926,301
Non-controlling interests	<u>8,505</u>	<u>9,161</u>
Total equity	<u>691,107</u>	<u>935,462</u>

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2017

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 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 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”) and the securities broking business, money lending business and provision of e-commerce platform services in Hong Kong.

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

Amendments to HKFRSs that are mandatorily effective for the current year

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

Amendments to HKAS 7	Disclosure Initiative
Amendments to HKAS 12	Recognition of Deferred Tax Assets for Unrealised Losses
Amendments to HKFRS 12	As part of the Annual Improvements to HKFRSs 2014-2016 Cycle

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

HKFRS 9	Financial Instruments ¹
HKFRS 15	Revenue from Contracts with Customers ¹
HKFRS 16	Leases ²
HKFRS 17	Insurance Contracts ⁴
HK(IFRIC)-Int 22	Foreign Currency Transactions and Advance Consideration ¹
HK(IFRIC)-Int 23	Uncertainty over Income Tax Treatments ²
Amendments to HKFRS 2	Classification and Measurement of Share-based Payment Transactions ²
Amendments to HKFRS 4	Applying HKFRS 9 Financial Instruments with HKFRS 4 Insurance Contracts ²
Amendments to HKFRS 9	Prepayment Features with Negative Compensation ²
Amendments to HKFRS 10 and HKAS 28	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture ⁴
Amendments to HKAS 40	Transfers of Investment Property ¹
Amendments to HKAS 28	As part of the Annual Improvements to HKFRSs 2014-2016 Cycle ¹

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

² Effective for annual periods beginning on or after 1 January 2019

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

⁴ Effective for annual periods beginning on or after 1 January 2021

The Directors of the Company anticipate that the application of the new and revised HKFRSs will have no material impact on the consolidated financial statements.

HKFRS 9 “Financial Instruments”

HKFRS 9 introduced new requirements for the classification and measurement of financial assets, financial liabilities, general hedge accounting and impairment requirements for financial assets.

Key requirements of HKFRS 9 which are relevant to the Group are:

- all recognised financial assets that are within the scope of HKFRS 9 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 fair value through other comprehensive income (“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.

- 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 “Financial Instruments: Recognition and Measurement”. 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.

Based on the Group’s financial instruments and risk management policies as at 31 December 2017, application of HKFRS 9 in the future may have a material impact on the classification and measurement of the Group’s financial assets. The Group’s available-for-sale investments, including those currently stated at cost less impairment will either be measured at fair value through profit or loss (“FVTPL”) or be designated at FVTOCI. In addition, the expected credit loss model may result in early provision of credit loss which are not yet incurred in relation of the Group’s financial assets measured at amortised cost.

HKFRS 15 “Revenue from Contracts with Customer”

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 goods and services. Specifically, HKFRS 15 introduces a 5-step approach to revenue recognition:

- Step 1: Identify the contract(s) with 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.

In 2016, the HKICPA issued Clarifications to HKFRS 15 in relation to the identification of performance obligations, principal versus agent consideration, as well as licensing application guidance.

The directors of the Company anticipate that the application of HKFRS 15 in the future may result in more disclosures. As for the timing and amounts of revenue recognised in respective reporting period, the Group is still in the process of assessing the impact of HKFRS 15. The directors of the Company believe that it is impractical to disclose the impact in these consolidated financial statements until the Group has completed the assessment.

HKFRS 16 “Leases”

HKFRS 16 introduces a comprehensive model for the identification of lease arrangements and accounting treatments for both lessors and lessees. HKFRS 16 will supersede HKAS 17 “Leases” and the related interpretations when it becomes effective.

HKFRS 16 distinguishes lease and service contracts on the basis of whether an identified assets is controlled by a customer. Distinctions of operating leases and finance leases are removed for lessee accounting, and is replaced by a model where a right-of-use asset and a corresponding liability have to be recognised for all leases by lessees, except for short-term leases and leases of low value assets.

The right-of-use asset is initially measured at cost and subsequently measured at cost (subject to certain exceptions) less accumulated depreciation and impairment losses, adjusted for any remeasurement of the lease liability. The lease liability is initially measured at the present value of the lease payments that are not paid at that date. Subsequently, the lease liability is adjusted for interest and lease payments, as well as the impact of lease modifications, amongst others. For the classification of cash flows, the Group currently presents upfront prepaid lease payments as investing cash flows in relation to leasehold lands for own use and those classified as investment properties while other operating lease payments are presents as operating cash flows. Under HKFRS 16, lease payments in relation to lease liability will be allocated into a principal and an interest portion which will be presented as financing cash flows.

Under HKAS 17, the Group has already recognised an asset and a related finance lease liability for finance lease arrangements and prepaid lease payments for leasehold lands where the Group is a lessee. The application of HKFRS 16 may result in potential changes in classification of these assets depending on whether the Group presents right-of-use assets separately or within the same line item at which the corresponding underlying assets would be presented if they were owned.

In contrast to lessee accounting, HKFRS 16 substantially carries forward the lessor accounting requirements in HKAS 17, and continues to require a lessor to classify a lease either as an operating lease or a finance lease.

Furthermore, extensive disclosures are required by HKFRS 16.

As at 31 December 2017, the Group as lessee has non-cancellable operating lease commitments of approximately HK\$23.3 million. A preliminary assessment indicated that these arrangements will meet the definition of a lease under HKFRS 16, and hence the Group will recognise a right-of-use asset and a corresponding liability in respect of all these leases unless they qualify for low value or short-term leases upon the application of HKFRS 16. In addition, the application of new arrangements may result changes in measurement, presentation and disclosure as indicated above. However, it is not practicable to provide a reasonable estimate of the effect until the Group performs a detailed review.

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 sales of high-tech products. An analysis of the Group's revenue is as follows:

	2017 <i>HK\$'000</i>	2016 <i>HK\$'000</i>
Advertising services income	252,984	221,256
Sales of books and magazines	13,716	17,929
Commission and brokerage income	12,970	17,023
Interest income arising from securities broking business	17,991	6,729
Interest income from loan receivables	11,241	2,639
E-commerce platform services income	5,687	2,018
Sales of high-tech products	4,543	–
	<hr/> 319,132 <hr/>	<hr/> 267,594 <hr/>

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 has five operating and reporting segments during the year (2016: five) which are as follows: (a) advertising services income from provision of advertising services and organising conferences and events; (b) sales of books and magazines; (c) provision of securities broking services including brokerage, financing and underwriting and placement; (d) provision of e-commerce platform services and sales of related goods; and (e) money lending.

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 2017

	Provision of advertising services <i>HK\$'000</i>	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 related goods <i>HK\$'000</i>	Money lending <i>HK\$'000</i>	Consolidated <i>HK\$'000</i>
Revenue						
External sales	<u>252,984</u>	<u>13,716</u>	<u>30,961</u>	<u>10,230</u>	<u>11,241</u>	<u>319,132</u>
Result						
Segment profit/(loss)	<u>3,809</u>	<u>2,362</u>	<u>3,573</u>	<u>3,263</u>	<u>11,241</u>	24,248
Other income						3,116
Other gains and losses						13,711
Unallocated administration expenses						(74,461)
Share of profit of a joint venture						539
Share of loss of an associate						(53,413)
Gain on deemed disposal of an associate						11,895
Impairment loss on interest in an associate						(24,843)
Unrealised fair value losses on held-for-trading investments						(63,753)
Realised losses on held-for-trading investments						(96,039)
Finance costs						<u>(1,799)</u>
Loss before taxation						<u>(255,342)</u>

For the year ended 31 December 2016

	Provision of advertising services <i>HK\$'000</i>	Sales of books and magazines <i>HK\$'000</i>	Provision of securities broking services <i>HK\$'000</i> <i>Note</i>	Provision of e-commerce platform services and sales of related goods <i>HK\$'000</i> <i>Note</i>	Money lending <i>HK\$'000</i> <i>Note</i>	Consolidated <i>HK\$'000</i>
Revenue						
External sales	<u>221,256</u>	<u>17,929</u>	<u>23,752</u>	<u>2,018</u>	<u>2,639</u>	<u>267,594</u>
Result						
Segment profit/(loss)	<u>5,589</u>	<u>(1,118)</u>	<u>96</u>	<u>1,287</u>	<u>2,639</u>	8,493
Other income						8,631
Other gains and losses						14,016
Unallocated administration expenses						(49,740)
Share of profit of a joint venture						11,210
Share of loss of an associate						(25,603)
Impairment loss on sole agency rights						(5,848)
Impairment loss on goodwill						(37,603)
Unrealised fair value gains on held-for-trading investments						77,054
Realised losses on held-for-trading investments						(10,419)
Finance costs						<u>1,589</u>
Loss before taxation						<u>(11,398)</u>

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 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 2017

	Provision of advertising services <i>HK\$'000</i>	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 related goods <i>HK\$'000</i>	Money lending <i>HK\$'000</i>	Unallocated <i>HK\$'000</i>	Consolidated <i>HK\$'000</i>
Amounts included in the measure of segment profit or loss:							
Depreciation of property, plant and equipment	2,032	-	676	-	690	259	3,657
Amortisation of other intangible assets	-	-	-	14,699	-	-	14,699
Allowance for (reversal of allowance for) bad and doubtful debts	463	(1,776)	-	-	-	-	(1,313)
Realised losses on held-for-trading investments	-	-	-	-	-	63,753	63,753
Unrealised fair value losses on held-for-trading investments	-	-	-	-	-	96,039	96,039
Amounts regularly provided to the chief operating decision makers but not included in the measurement of segment profit or loss:							
Share of loss of an associate	-	-	-	-	-	53,413	53,413
Share of profit of a joint venture	-	-	-	-	-	(539)	(539)
Gain on deemed disposal of an associate	-	-	-	-	-	(11,895)	(11,895)
Impairment loss on interest in an associate	-	-	-	-	-	24,843	24,843
Interest income	-	-	-	-	-	(946)	(946)
Interest expenses	-	-	-	-	-	1,799	1,799

For the year ended 31 December 2016

	Provision of advertising services <i>HK\$'000</i>	Sales of books and magazines <i>HK\$'000</i>	Provision of securities broking services <i>HK\$'000</i>	Provision of e-commerce platform services <i>HK\$'000</i>	Money lending <i>HK\$'000</i>	Unallocated <i>HK\$'000</i>	Consolidated <i>HK\$'000</i>
Amounts included in the measure of segment profit or loss:							
Depreciation of property, plant and equipment	2,750	-	478	-	-	929	4,157
Amortisation of sole agency rights	1,898	-	-	-	-	-	1,898
Amortisation of other intangible assets	-	-	-	1,107	-	-	1,107
Allowance for (reversal of allowance for) bad and doubtful debts	2,508	(229)	-	-	-	-	2,279
Impairment loss on sole agency rights	5,848	-	-	-	-	-	5,848
Impairment loss on goodwill	37,603	-	-	-	-	-	37,603
Realised losses on held-for-trading investments	-	-	-	-	-	10,419	10,419
Unrealised fair value gains on held-for-trading investments	-	-	-	-	-	(77,054)	(77,054)
Amounts regularly provided to the chief operating decision makers but not included in the measurement of segment profit or loss:							
Share of loss of an associate	-	-	-	-	-	25,603	25,603
Share of profit of a joint venture	-	-	-	-	-	(11,210)	(11,210)
Interest income	-	-	-	-	-	(2,769)	(2,769)
Interest expenses	-	-	261	-	-	1,328	1,589

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 (<i>Note</i>)	
	2017 <i>HK\$'000</i>	2016 <i>HK\$'000</i>	2017 <i>HK\$'000</i>	2016 <i>HK\$'000</i>
PRC	276,931	239,185	76,343	57,490
Hong Kong	42,201	28,409	25,672	13,028
	<u>319,132</u>	<u>267,594</u>	<u>102,015</u>	<u>70,518</u>

Note: Non-current assets excluded financial instruments, deferred tax assets and post-employment benefits.

Information about major customers

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

5. FINANCE COSTS

	2017 <i>HK\$'000</i>	2016 <i>HK\$'000</i>
Interest on other borrowings wholly repayable within five years	<u>1,799</u>	<u>1,589</u>

6. LOSS BEFORE TAXATION

	2017 <i>HK\$'000</i>	2016 <i>HK\$'000</i>
Loss before taxation has been arrived at after charging (crediting):		
Auditor's remuneration	780	650
Staff costs (including directors' emoluments):		
Wages, salaries and other allowances	68,999	61,683
Contributions to retirement benefits schemes	17,716	18,212
	<u>86,715</u>	<u>79,895</u>
Depreciation of property, plant and equipment	3,657	4,157
Amortisation of sole agency rights (included in cost of sales)	–	1,898
Amortisation of other intangible assets	14,699	1,107
Total depreciation and amortisation	<u>18,356</u>	<u>7,162</u>
Minimum lease payments under operating lease in respect of rented premises	<u>16,679</u>	<u>23,866</u>

7. TAXATION

Hong Kong Profits Tax has been provided at the rate of 16.5% for both years on the estimated assessable profits arising in Hong Kong during both years.

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.

	2017 <i>HK\$'000</i>	2016 <i>HK\$'000</i>
Current taxation		
– PRC Enterprise Income Tax	777	954
– Hong Kong Profits Tax	711	248
Deferred taxation	<u>(4,894)</u>	<u>3,746</u>
	<u><u>(3,406)</u></u>	<u><u>4,948</u></u>

8. 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:

	2017 <i>HK\$'000</i>	2016 <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>(251,707)</u>	<u>(15,200)</u>
	2017	2016
Number of shares		
Weighted average number of ordinary shares for the purpose of basic and diluted loss per share	<u>6,373,545,516</u>	<u>6,373,545,516</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, which would result in a decrease in loss per share, is anti-dilutive.

9. DIVIDEND

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

10. ACCOUNTS RECEIVABLE

	2017 <i>HK\$'000</i>	2016 <i>HK\$'000</i>
Account receivables arising from the business of provision of advertising agency services	70,574	89,584
Less: allowance for doubtful debts	(11,345)	(13,351)
	59,229	76,233
Account receivables arising from the business of dealing in securities:		
– Cash client	186,179	91,950
– Hong Kong Securities Clearing Company Limited (“HKSCC”)	–	171
Account receivables arising from the business of E-commerce platform services and sales of related goods	12,703	2,018
	258,111	170,372

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 ageing 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 doubtful debts, presented based on date of magazines issued, which approximate the date of revenue recognition is as follows:

	2017		2016	
	<i>HK\$'000</i>	%	<i>HK\$'000</i>	%
Less than three months	32,269	54	52,603	67
Three months to six months	16,427	28	17,013	22
Over six months to one year	10,533	18	8,635	11
	59,229	100	78,251	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 accounts receivable balance arising from the provision of advertising services and sales of books and magazines are debtors with aggregate carrying amount of approximately HK\$38,305,000 (2016: approximately HK\$25,648,000) 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.

Ageing of accounts receivable which are past due but not impaired

	2017 <i>HK\$'000</i>	2016 <i>HK\$'000</i>
Three months to six months	16,427	17,013
Over six months to one year	10,533	8,635
	<u>26,960</u>	<u>25,648</u>

As at 31 December 2017 and 2016, the Group has provided fully for all receivables over one year because historical experience is such that receivables that are past due beyond one year are generally not recoverable.

Movement in the allowance for bad and doubtful debts

	2017 <i>HK\$'000</i>	2016 <i>HK\$'000</i>
Balance at beginning of the year	13,351	12,108
Impairment losses recognised on accounts receivable	5,161	5,112
Amount recovered during the year	(6,679)	(2,833)
Amounts written off as uncollectible	(1,340)	(257)
Exchange realignment	852	(779)
	<u>11,345</u>	<u>13,351</u>

In determining the recoverability of accounts receivable, the Group considers any change in the credit quality of the accounts 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.

The credit period for the business 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 ageing analysis of the Group's accounts receivable arising from the dealing in securities on cash clients, presented based on date of completion, which approximate the date of revenue recognition is as follows:

Ageing of accounts receivable which are past due but not impaired

	2017 <i>HK\$'000</i>	2016 <i>HK\$'000</i>
Less than three months	–	–
Over three months	186,179	92,121
	<u>186,179</u>	<u>92,121</u>

Included in the Group's accounts receivables balance arising from the dealing in securities on cash client are debtors with aggregate carrying amount of approximately HK\$186,179,000 (2016: approximately HK\$92,121,000) 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.

Credit period granted by the Group to customers for both provision of e-commerce platform services and sales of related goods are not more than 90 days from the date of recognition of the sale.

The ageing analysis of the Group's accounts receivable arising from the provision of e-commerce platform services and sales of related goods, presented based on date of service provided and the goods sold, which approximate the date of revenue recognition is as follows:

	2017 <i>HK\$'000</i>	2016 <i>HK\$'000</i>
Less than three months	3,778	2,018
Three months to six months	3,965	–
Over six months to one year	2,843	–
Over one year	2,117	–
	<u>12,703</u>	<u>2,018</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.

Included in the Group's accounts receivables balance arising from the provision of e-commerce platform services and sales of related goods are debtors with aggregate carrying amount of approximately HK\$12,703,000 (2016: approximately HK\$2,018,000) 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.

Ageing of accounts receivable which are past due but not impaired

	2017 <i>HK\$'000</i>	2016 <i>HK\$'000</i>
Three months to six months	3,965	–
Over six months to one year	2,843	–
Over one year	2,117	–
	<u>8,925</u>	<u>–</u>

11. LOAN RECEIVABLES

The loan receivables carried fixed interest rates ranging from 8% to 10% and will be repaid in accordance with the terms of the loan agreements.

	2017 <i>HK\$'000</i>	2016 <i>HK\$'000</i>
Loan receivables		
– Current portions	<u>173,406</u>	<u>119,095</u>

The loan receivables as at 31 December 2017 are analysed by the remaining period to contractual maturity date as follows:

	2017 <i>HK\$'000</i>	2016 <i>HK\$'000</i>
Overdue	22,427	19,295
Less than three months	–	20,500
Three months to six months	–	79,300
Over six months to one year	<u>150,979</u>	<u>–</u>
	<u>173,406</u>	<u>119,095</u>

Loan receivables of HK\$150,979,000 (2016: HK\$99,800,000) that were neither past due nor impaired related to debtors for whom there is no recent history of default.

12. HELD-FOR-TRADING INVESTMENTS

	2017 <i>HK\$'000</i>	2016 <i>HK\$'000</i>
Held-for-trading investments include:		
Listed securities:		
– Equity securities listed in Hong Kong	<u>50,352</u>	<u>207,603</u>

Held-for-trading investments as at 31 December 2017 represent equity securities listed in Hong Kong. The fair values of the investments are determined based on the quoted market bid price available on the Stock Exchange. The fair value of held-for-trading investments was classified as Level 1 of the fair value hierarchy.

13. ACCOUNTS PAYABLE

	2017 <i>HK\$'000</i>	2016 <i>HK\$'000</i>
Accounts payable arising from the provision of advertising agency service and sales of books and magazines	13,285	12,760
Accounts payable arising from the securities broking business		
– Cash clients (<i>Note</i>)	15,359	6,795
– HKSCC	–	–
Accounts payables arising from the provision of e-commerce platform service and sales of related goods	6,149	–
	<u>34,793</u>	<u>19,555</u>

Note: 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 ageing analysis is disclosed as in the opinion of the directors of the Company, the ageing analysis does not give additional value in view of the nature of this business.

The ageing analysis of the Group's accounts payable 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:

	2017		2016	
	<i>HK\$'000</i>	%	<i>HK\$'000</i>	%
Less than three months	7,424	56	9,349	73
Three months to six months	3,021	23	956	7
Over six months to one year	708	5	2,455	20
Over one year	2,132	16	–	–
	<u>13,285</u>	<u>100</u>	<u>12,760</u>	<u>100</u>

The average credit period granted by accounts payable is 57 days (2016: 63 days). The Group has financial risk management policies in place to ensure that all payables are within the credit time frame.

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

	2017		2016	
	<i>HK\$'000</i>	%	<i>HK\$'000</i>	%
Less than three months	2,245	37%	–	–
Three months to six months	2,152	35%	–	–
Over six months to one year	1,060	17%	–	–
Over one year	692	11%	–	–
	<u>6,149</u>	<u>100%</u>	<u>–</u>	<u>–</u>

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

14. BORROWINGS

	2017	2016
	<i>HK\$'000</i>	<i>HK\$'000</i>
Margin payables	<u>21,893</u>	<u>23,269</u>

As at 31 December 2017, 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\$21,893,000 (2016: HK\$23,269,000) as at 31 December 2017 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\$48,018,000 (2016: HK\$52,824,000).

BUSINESS REVIEW

Advertising and Sales of Books and Magazines

Due to the continuous slowing down of economic growth in China, the print media advertising business faced ongoing difficult and challenging business environment. However, as a result of improved industry and operating environment in the print media advertising business in China in 2017, the performance of the advertising business of the Group for the year ended 31 December 2017 was enhanced.

The revenue derived from the provision of advertising services, organising conferences and events for the current year was approximately HK\$253.0 million, representing an increase of approximately 14.3% from approximately HK\$221.3 million for the last year. The revenue derived from sales of books and magazines for the current year was approximately HK\$13.7 million, representing a decrease of approximately 23.5% from approximately HK\$17.9 million for the last year.

Securities Broking

The Group was granted by the Securities and Futures Commission a license to carry out Type 1 (dealing in securities) regulated activity under the Securities and Futures Ordinance (Chapter 571, Laws of Hong Kong) (the “SFO”). By carrying out the securities broking business, it is expected that the Group can 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. For the year ended 31 December 2017, the commission and brokerage income and the interest income derived from the securities broking business amounted to approximately HK\$31.0 million in total, representing approximately 9.7% of the total revenue of the Group. 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. In addition, in view of the inactive investor sentiment in Hong Kong during the year, the Group has adopted flexible market strategy in order to increase the number of clients.

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 intends to provide 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. Therefore, the Group has commenced operation in the money lending business in 2016 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 2017, the interest income from loan receivables arising from the money lending business amounted to approximately HK\$11.2 million, representing approximately 3.5% of the total revenue of the Group.

E-commerce

In September 2016 and May 2017, the Group acquired the entire issued share capital of two companies in which their wholly-owned subsidiaries were principally engaged in the provision of services and sales of goods in relation to e-commerce platforms. In February 2017, the Group acquired the entire interest associated with an website and domain name in relation to an e-commerce business. For the year ended 31 December 2017, the revenue contributed by the provision of e-commerce platform services and sales of related goods was approximately HK\$10.2 million, representing approximately 3.2% of the total revenue of the Group.

OUTLOOK AND PROSPECT

Upon the launch of Shanghai-Hong Kong Stock Connect and Shenzhen-Hong Kong Stock Connect as well as the continuous improvement in the relevant regulatory systems, it is expected that the financial market will be strengthened and the market sentiment and market momentum in Hong Kong will be improved. In addition, Hong Kong has been admitted as a member of the Asian Infrastructure Investment Bank. The management believes that the financial business of the Group, including the existing businesses in securities broking and money lending, will be benefited from these recent developments. Looking forward, it is expected that the equity fund raising market and the financial activities in Hong Kong will remain strong. In addition to the Group's principal business of advertising and sales of books and magazines, the Group will continue its effort to develop and strengthen the abovementioned financial business and e-commerce business. It is expected that the proportion of the Group's revenue contributed by the financial business and e-commerce business will become higher in the future.

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.

USE OF PROCEEDS

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 (the "Prospectus").

On 22 June 2016, the Company announced that the use of the unutilized net proceeds of approximately HK\$72 million been changed from original allocation as for the operation and development of the e-commerce platform to the revised allocation as for the acquisition of companies engaged in the development and operation of e-commerce platform.

On 8 July 2016, the Company announced that the use of part of the unutilized net proceeds of approximately HK\$100 million been changed from original allocation as for the set-up and operation of a company licensed under the SFO (the “Type 1 Company”) to conduct Type 1 (dealing in securities) regulated activity under the SFO to the revised allocation as for the operation and development of money lending business.

The Board from time to time reviews the business operation of the Type 1 Company and assesses the existing placements and underwriting activities involved, the potential business opportunities from its clients, and the condition of equity fund raising market in Hong Kong.

The Board noted that the equity fund raising market condition in Hong Kong for the first half of 2016 was less active and far below from the Company’s expectation as at the date of the Prospectus. Since the commencement of business, the Group used its best endeavored to look for potential placing and underwriting business opportunities from its clients and potential clients. Nevertheless, in the first half of 2016, the Type 1 Company had only acted as the underwriter/sub-underwriter for two of its clients. During this period of time, apart from the two underwriting activities, no other underwriting activity from the clients or other potential clients could be identified by the Type 1 Company. On the other hand, during the first half of 2016, the liquid capital of the Type 1 Company was sufficient to comply with relevant requirement in accordance with the Securities and Futures (Financial Resources) Rules (Chapter 571N, Laws of Hong Kong) (the “FRR Rules”).

In view of these, the Board considered that, after the change in use of proceeds as announced on 8 July 2016, there are still sufficient financial resources for the Type 1 Company to operate and comply with the liquid capital requirement under the FRR Rules in the foreseeable future. Moreover, it was 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. Accordingly, the Board considers that the change in use of proceeds is fair and reasonable and in the best interests of the Company and its shareholders as a whole.

For the details of the change in use of proceeds from the Open Offer, please refer to the announcements of the Company dated 22 June 2016 and 8 July 2016 (the “Announcements”).

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

	Intended use of proceeds as stated in the Prospectus and the Announcements <i>HK\$'000</i>	Actual use of proceeds as at the date of this announcement <i>HK\$'000</i>	Unutilised balance <i>HK\$'000</i>	Details
Set-up and operation of the Type 1 Company	265,000	265,000	–	Used as capital injection for the Type 1 Company
Set-up and operation of companies licensed under the SFO to conduct Type 4, Type 6 and Type 9 regulated activities under the SFO	30,000	–	30,000	–
Acquisition of companies engaged in the development and operation of e-commerce platform	124,000	119,600	4,400	Used as consideration and refundable deposits for the acquisition of companies engaged in the development and operation of e-commerce platform
Operation and development of money lending business	100,000	100,000	–	Used as intended
	<u>519,000</u>	<u>484,600</u>	<u>34,400</u>	

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

MANAGEMENT DISCUSSION AND ANALYSIS

Financial Review

For the year 2017, the advertising business of the Group continued to be the most significant source of revenue of the Group. For the year ended 31 December 2017, the aggregated revenue of the Group deriving from the provision of advertising agency services and organising conferences and events, and sales of books and magazines was approximately HK\$266.7 million, representing an increase of approximately 11.5% as compared with that of approximately HK\$239.2 million for the year ended 31 December 2016. The increase in revenue was mainly attributable to the advertising business of the Group as a result of improved industry and operating environment in the print media advertising business in China.

For the year ended 31 December 2017, the revenue of the Group deriving from the securities broking business, the e-commerce business and the money lending business were approximately HK\$31.0 million (2016: approximately HK\$23.8 million), approximately HK\$10.2 million (2016: approximately HK\$2.0 million) and approximately HK\$11.2 million (2016: approximately HK\$2.6 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 2017 was approximately 54.6%, which was higher than that for the year ended 31 December 2016 of approximately 53.8%. The higher gross profit margin in current year was mainly attributable to the remarkable increase in revenue and the relatively mild increase in cost of sales because (i) no amortisation of sole agency rights was charged to cost of sales as the rights had been fully impaired and written off in year 2016 and (ii) the reduction of costs after the cessation of certain loss-making magazines contracts last year. In addition, the gross profit margins contributed by both securities broking business and the money lending business were much higher as compared with those contributed by other businesses of the Group.

The Group held certain held-for-trading investments comprising of equity securities listed in Hong Kong. For the year ended 31 December 2017, there were unrealised fair value losses and realised losses on held-for-trading investments of approximately HK\$63.8 million (2016: gains of approximately HK\$77.1 million) and approximately HK\$96.0 million (2016: approximately HK\$10.4 million) respectively. The significant realised and unrealized fair value losses were caused by the substantial decrease in market prices of the equity securities listed in Hong Kong held by the Group during the year ended 31 December 2017.

For the year ended 31 December 2017, other gains and losses mainly consisted of net exchange loss of approximately HK\$13.3 million (2016: loss of approximately HK\$10.5 million) and gain on disposal of property, plant and equipment of approximately HK\$24.3 million (2016: approximately HK\$0.4 million).

The selling and distribution costs for the year ended 31 December 2017 was approximately HK\$122.6 million, increased by approximately 9.5% from approximately HK\$111.9 million for the year 2016. The increase was mainly because more effort had been dedicated by the Group in the promotion, marketing and business development of the securities broking business and the e-commerce business.

The administrative expenses increased by approximately 31.3% from approximately HK\$73.4 million for the year 2016 to approximately HK\$96.4 million for the year 2017. The increase was mainly due to (i) the additional administrative expenses incurred for the development and operation of the new businesses commenced during the second half of 2016, namely the money lending business and the e-commerce business; (ii) the amortization of other intangible assets of approximately HK\$14.7 million charged over the current year; and (iii) the share-based payment expenses of approximately HK\$3.1 million for the share options granted and vested immediately during the current year.

For the year ended 31 December 2017, a share of profit from Mondadori-SEEC (Beijing) Advertising Co. Ltd., a joint venture of the Group, of approximately HK\$0.5 million (2016: approximately HK\$11.2 million) was recognised. The share of profit of the joint venture during the current year decreased mainly due to the decrease in profitability of the joint venture company arising from an increase of operating costs and rental expense for the joint venture company in China over the year.

For the year ended 31 December 2017, a share of loss from GreaterChina Professional Services Limited, an associate of the Group, of approximately HK\$53.4 million (2016: approximately HK\$25.6 million) was recognised. Greaterchina Professional Services Limited (“Greaterchina”) 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 2017, impairment loss on interest in an associate of approximately HK\$24.8 million was recognised as a result of decrease in market price of the shares of Greaterchina.

The loss for the year ended 31 December 2017 attributable to shareholders amounted to approximately HK\$251.7 million (2016: approximately HK\$15.2 million), representing a increase of approximately 15.6 times. The increase was mainly due to the (i) significant realised and unrealised fair value losses recognised in current year; and (ii) increase in share of loss of an associate from approximately HK\$25.6 million in year 2016 to approximately HK\$53.4 million in the year 2017; and (iii) the impairment loss on interest in an associate of approximately HK\$24.8 million recognised during the year 2017.

To preserve financial resources for future operation of the Group, the Board did not recommend the payment of a dividend for the year 2017 (2016: nil).

Material Acquisitions and Disposals of Subsidiaries

On 25 May 2017, a wholly-owned subsidiary of the Company, Honor Fame Group Limited, entered into an agreement with an independent third party for the acquisition of the entire issued share capital of Pinnacle China Group Limited (“Pinnacle China”, together with its subsidiary, “Pinnacle China Group”) at the consideration of HK\$24,000,000. Pinnacle China is an investment holding company incorporated in the British Virgin Islands with limited liability. The wholly-owned subsidiary of Pinnacle China principally engages in the provision of services in relation to an e-commerce platform. The consideration was satisfied by cash. The acquisition of Pinnacle China Group was completed in May 2017.

Significant Investments

As at 31 December 2017, the Group had held-for-trading investments, representing equity securities listed in Hong Kong, of approximately HK\$50.4 million (2016: HK\$207.6 million). The Board considers that investments with market value accounting for more than 5% of the Group's total assets as 31 December 2017 as significant investments.

Details of the top two held-for-trading investments, in terms of market value as at 31 December 2017, are as follows:

Company name	As at 31 December 2017			For the year ended 31 December 2017		
	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>
QPL International Holdings Limited ("QIH")	68,700,000	3.04%	7,145	0.75%	24,801	–
China e-Wallet Payment Group Limited ("CEPG")	74,000,000	2.70%	28,860	3.02%	19,240	–
			36,005		44,041	–

QIH is principally engaged in the manufacture and sales of integrated circuit leadframes, heatsinks, stiffeners and related products. CEPG is principally engaged in the provision of biometric and Radio Frequency Identification products and solution services, internet and mobile application and related services.

For the year ended 31 December 2017, the Group recognised unrealised fair value losses on held-for-trading investments of approximately HK\$63.8 million (2016: gains of approximately HK\$77.1 million), which was mainly attributable to the fair value losses on investments in QIH and CEPG of approximately HK\$24.8 million and HK\$19.2 million respectively. For the year ended 31 December 2017, the Group recognised realised losses on held-for-trading investments of approximately HK\$96.0 million (2016: nil), which was mainly attributable to the realised loss on disposal of investment in Luen Wong Group Holdings Limited of approximately HK\$74.9 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 2017, the Group's total equity was approximately HK\$691.1 million (2016: approximately HK\$935.5 million). The decrease was mainly attributable to the loss for the current year of approximately HK\$251.9 million.

The Group had non-current liabilities of approximately HK\$6.1 million as at 31 December 2017 (2016: approximately HK\$8.5 million). The non-current liabilities as at 31 December 2017 consisted of deferred tax liabilities. As at 31 December 2017, the Group's gearing ratio was approximately 27.6% representing a percentage of total liabilities over total assets (2016: approximately 22.7%).

As at 31 December 2017, the Group had borrowings of approximately HK\$21.9 million (2016: approximately HK\$23.3 million). The borrowings carried a fixed interest rate of 8% per annum and was repayable on demand (2016: fixed interest rate of 8% per annum; repayable on demand).

As at 31 December 2017, the Group had bank and cash balances (other than those in trust and segregated accounts) amounted to approximately HK\$131.8 million (2016: approximately HK\$339.2 million).

CHARGES ON ASSETS

As at 31 December 2017, the Group had pledged held-for-trading investments of approximately HK\$48.0 million (2016: HK\$52.8 million) to secure the margin payables of approximately HK\$21.9 million (2016: approximately HK\$23.3 million), which was included in the borrowings of the Group.

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:

	2017 HK\$'000	2016 <i>HK\$'000</i>
Within one year	12,800	9,480
In the second to fifth year inclusive	9,484	6,079
	22,284	15,559

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

	2017	2016
	<i>HK\$'000</i>	<i>HK\$'000</i>
Within one year	2,340	22,740
In the second to fifth year inclusive	2,340	4,680
	<u>4,680</u>	<u>27,420</u>

During the year ended 31 December 2016, a wholly-owned subsidiary of the Group has entered into agreements with two independent third parties pursuant to which the Group has agreed to acquire the entire equity interest in a company established in the PRC. The PRC company principally engaged in operating an e-commerce platform. The relating commitments contracted but not yet incurred as at 31 December 2017 was HK\$6,000,000.

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. As at 31 December 2017, the Group has a fixed interest rate borrowing amounting approximately HK\$21.9 million (2016: approximately HK\$23.3 million) from a regulated securities broker and had not engaged in any financial instruments for hedging or speculative activities.

EMPLOYEES

As at 31 December 2017, the Group had 427 (2016: 456) 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 "Old Share Option Scheme") which was adopted on 26 August 2002. On 11 May 2012, the Company adopted a new share option scheme (the "Share Option Scheme"), of which all terms and conditions are the same as the Share Option Scheme.

On 27 July 2017, 637,200,000 (2016: nil) share options to subscribe for up to a total of 637,200,000 ordinary shares of HK\$0.10 each were granted to eligible participants under the Share Option Scheme. During the year ended 31 December 2017, no share options were exercised.

The number of shares issuable under share options granted under the Share Option Scheme was approximately 637,200,000 representing approximately ordinary 10.00% of the Company's issued shares of 6,373,545,516 shares as at the date of this announcement published on 29 March 2018.

At the date of the Company's 2016 annual report issued on 31 March 2017, the number of shares issuable under share options granted under the Old Share Option Scheme was approximately 1,851,000 and the number of shares issuable under the shares options which has not yet been granted under the Share Option Scheme was 85,361,358, representing approximately 0.03% and 1.34% respectively of the Company's issued shares of 6,373,545,516 shares.

EVENT AFTER THE REPORTING PERIOD

After the reporting period ended 31 December 2017, there was no significant event affecting the Group required to be disclosed.

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 A.1.3 and A.7.1

Code A.1.3 and A.7.1 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 A.2 and E.1.2

The Board currently has not appointed any Directors as its Chairman. The Board will review the present situation in the coming regular meetings as appropriate.

(3) Code Provision A.4.1

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

The term of office for non-executive Directors are the same as for all Directors (i.e. 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.

(4) Code Provision A.6.7

Code A.6.7 stipulates that independent non-executive directors should attend general meetings and develop a balanced understanding of the views of shareholders.

On 31 May 2017, Ms. Wensy Ip, an independent non-executive director, did not attend the Company's annual general meeting due to her other business engagements.

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 2017.

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 audited financial statements for the year ended 31 December 2017.

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, 29 March 2018

As at the date hereof, the Board comprises Mr. Li Leong, Mr. Li Xi, Mr. Zhang Zhifang and Mr. Zhou Hongtao as executive directors and Mr. Law Chi Hung, Ms. Wensy Ip and Mr. Wong Ching Cheung as the independent non-executive directors.