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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 2020

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 2020 as follows:

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the year ended 31 December 2020

	Notes	2020 HK\$'000	2019 HK\$'000
Revenue	3	80,167	87,223
Cost of sales		(23,994)	(36,435)
Gross profit		56,173	50,788
Other income		4,525	1,182
Fair value changes on held-for-trading investments		9,574	(8,960)
Other gains and losses, net	5	(69,711)	(20,104)
Selling and distribution costs		(11,787)	(18,129)
Administrative expenses		(38,931)	(70,727)
Share of loss of a joint venture		(8,852)	(14,038)
Share of loss of an associate		(7,483)	(10,263)
(Provision)/reversal of impairment loss on interest in an associate		(26,871)	3,251
Impairment loss on interest in a joint venture		(3,895)	–
Impairment loss on goodwill		(12,267)	(11,128)
Impairment loss on other intangible assets		(15,428)	–
Impairment loss on property, plant and equipment		(4,576)	–
Impairment loss on right-of-use assets		(14,053)	–
Finance costs	6	(2,320)	(2,061)
Loss before taxation	7	(145,902)	(100,189)
Taxation	8	2,509	807
Loss for the year		(143,393)	(99,382)

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

For the year ended 31 December 2020

	Notes	2020 <i>HK\$'000</i>	2019 <i>HK\$'000</i>
Other comprehensive income/(expense)			
<i>Items that will not be reclassified subsequently to profit or loss:</i>			
Fair value change on investment in equity instrument at fair value through other comprehensive income		(4,134)	(5,366)
<i>Items that may be reclassified subsequently to profit or loss:</i>			
Share of other comprehensive income/(expense) of an associate		614	(228)
Exchange differences arising on translation		6,771	(4,129)
Share of exchange differences of a joint venture		897	(619)
		<u>4,148</u>	<u>(10,342)</u>
Total comprehensive expense for the year		<u>(139,245)</u>	<u>(109,724)</u>
Loss for the year attributable to:			
Owners of the Company		(137,831)	(95,294)
Non-controlling interests		(5,562)	(4,088)
		<u>(143,393)</u>	<u>(99,382)</u>
Total comprehensive expense attributable to:			
Owners of the Company		(132,404)	(106,775)
Non-controlling interests		(6,841)	(2,949)
		<u>(139,245)</u>	<u>(109,724)</u>
Loss per share (<i>HK\$</i>)			
Basic	9	<u>(0.40)</u>	<u>(0.30)</u>
Diluted		<u>(0.40)</u>	<u>(0.30)</u>

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 31 December 2020

	<i>Notes</i>	2020 <i>HK\$'000</i>	2019 <i>HK\$'000</i>
Non-current assets			
Property, plant and equipment		603	5,336
Other intangible assets		–	21,910
Goodwill		–	11,551
Interest in a joint venture		14,303	26,153
Interest in an associate		4,060	37,800
Investment in equity instrument at fair value through other comprehensive income		–	4,134
Amount due from a joint venture		–	4,941
Deposits		1,284	–
Right-of-use assets		367	4,138
		20,617	115,963
Current assets			
Accounts receivable	<i>11</i>	134,179	150,349
Loan receivables	<i>12</i>	182,408	197,290
Amounts due from related companies		6,998	18,461
Other receivables, deposits and prepayments		42,713	57,953
Held-for-trading investments		36,137	17,307
Bank balances (trust and segregated accounts)		22,429	12,508
Bank balances (general accounts) and cash and cash equivalents		57,310	73,442
		482,174	527,310
Current liabilities			
Accounts payable	<i>13</i>	42,246	26,287
Other payables and accruals		63,685	122,669
Amount due to a joint venture		9,153	7,359
Amounts due to related companies		59,216	37,984
Borrowings	<i>14</i>	25,495	23,536
Tax payable		15,609	15,024
Lease liabilities		3,984	3,495
		219,388	236,354

CONSOLIDATED STATEMENT OF FINANCIAL POSITION (Continued)*As at 31 December 2020*

	<i>Notes</i>	2020 HK\$'000	2019 <i>HK\$'000</i>
Net current assets		<u>262,786</u>	<u>290,956</u>
Total assets less current liabilities		<u>283,403</u>	<u>406,919</u>
Non-current liabilities			
Deferred tax liabilities		–	3,551
Lease liabilities		<u>10,011</u>	<u>401</u>
		<u>10,011</u>	<u>3,952</u>
Net assets		<u><u>273,392</u></u>	<u><u>402,967</u></u>
Capital and reserves			
Share capital		3,824	637,354
Reserves		<u>270,456</u>	<u>(240,340)</u>
Equity attributable to owners of the Company		<u>274,280</u>	397,014
Non-controlling interests		<u>(888)</u>	<u>5,953</u>
Total equity		<u><u>273,392</u></u>	<u><u>402,967</u></u>

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2020

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 related goods in Hong Kong.

The 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 of Hong Kong Limited.

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 Amendments to References to the Conceptual Framework in HKFRS Standards and the following amendments to HKFRSs issued by the Hong Kong Institution of Certificated Public (“HKICPA”) for the first time, which are mandatorily effective for the annual period beginning on or after 1 January 2020 for the preparation of the consolidated financial statements:

Amendments to HKAS 1 and HKAS 8	Definition of Material
Amendments to HKFRS 3	Definition of a Business
Amendments to HKFRS 9, HKAS 39 and HKFRS 7	Interest Rate Benchmark Reform

The Group has also early adopted Amendment to HKFRS 16 “Covid-19-Related Rent Concessions” that is mandatory for the first time for financial year beginning 1 January 2021.

The application of the Amendments to References to the Conceptual Framework in HKFRS Standards and the amendments to HKFRSs in the current year 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 amendment to HKFRSs that have been issued but are not yet effective:

		Effective for annual periods beginning on or after
HKFRS 17	Insurance Contracts and the related Amendments	1 January 2023
Amendments to HKFRS 3	Reference to the Conceptual Framework	1 January 2022
Amendments to HKFRS 9, HKAS 39, HKFRS 7, HKFRS 4 and HKFRS 16	Interest Rate Benchmark Reform – Phase 2	1 January 2021
Amendments to HKFRS 10 and HKAS 28	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture	A date to be determined
Amendments to HKAS 1	Classification of Liabilities as Current or Non-current and related amendments to Hong Kong Interpretation 5 (2020)	1 January 2023
Amendments to HKAS 16	Property, Plant and Equipment – Proceeds before Intended Use	1 January 2022
Amendments to HKAS 37	Onerous Contracts – Cost of Fulfilling a Contract	1 January 2022
Amendments to HKFRSs	Annual Improvements to HKFRSs 2018 – 2020	1 January 2022

The Company's directors have performed an assessment on these new standard and amendments to standards, and have concluded on a preliminary basis that the adoption of these new standard and amendments to standards is not expected to have a significant impact on the Group's financial performance and position.

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:

	2020 <i>HK\$'000</i>	2019 <i>HK\$'000</i>
Revenue from contracts with customers within the scope of HKFRS 15:		
Advertising services income	42,375	42,559
Sales of books and magazines	4	164
Commission and brokerage income	2,029	273
E-commerce platform services income	5,885	5,904
Sales of high-tech products	3,301	10,226
	<u>53,594</u>	<u>59,126</u>
Revenue from other sources:		
Interest income arising from securities broking business	10,908	13,093
Interest income from loan receivables	15,665	15,004
	<u>26,573</u>	<u>28,097</u>
	<u>80,167</u>	<u>87,223</u>
Timing of revenue recognition		
Point of time	5,334	10,663
Overtime	48,260	48,463
	<u>53,594</u>	<u>59,126</u>

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 related goods; 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, amortisation of other intangible assets, other income, other gains and losses, net, share of loss of a joint venture, share of loss of an associate, fair value changes on held-for-trading investments, finance costs, (provision)/reversal of impairment loss on an associate and impairment losses on goodwill, other intangible assets, property, plant and equipment and right-of-use assets. 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 2020

	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 related goods <i>HK\$'000</i>	Money lending <i>HK\$'000</i>	Consolidated <i>HK\$'000</i>
Revenue					
External sales	<u>42,379</u>	<u>12,937</u>	<u>9,186</u>	<u>15,665</u>	<u>80,167</u>
Result					
Segment profit/(loss)	<u>18,729</u>	<u>(2,307)</u>	<u>(6,246)</u>	<u>10,082</u>	20,258
Other income					4,525
Fair value changes on held-for-trading investments					9,574
Other gains and losses, net					(69,711)
Unallocated administration expenses					(7,764)
Amortisation of other intangible assets					(7,039)
Share of loss of a joint venture					(8,852)
Share of loss of an associate					(7,483)
Impairment loss on interest in an associate					(26,871)
Impairment loss on interest in a joint venture					(3,895)
Impairment loss on goodwill					(12,267)
Impairment loss on other intangible assets					(15,428)
Impairment loss on property, plant and equipment					(4,576)
Impairment loss on right-of-use assets					(14,053)
Finance costs					<u>(2,320)</u>
Loss before taxation					<u>(145,902)</u>

For the year ended 31 December 2019

	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 related goods <i>HK\$'000</i>	Money lending <i>HK\$'000</i>	Consolidated <i>HK\$'000</i>
Revenue					
External sales	<u>42,723</u>	<u>13,366</u>	<u>16,130</u>	<u>15,004</u>	<u>87,223</u>
Result					
Segment (loss)/profit	<u>(3,037)</u>	<u>(6,879)</u>	<u>2,062</u>	<u>14,807</u>	6,953
Other income					1,182
Fair value changes on held-for-trading investments					(8,960)
Other gains and losses, net					(20,104)
Unallocated administration expenses					(27,631)
Amortisation of other intangible assets					(17,390)
Share of loss of a joint venture					(14,038)
Share of loss of an associate					(10,263)
Reversal of impairment loss on interest in an associate					3,251
Impairment loss on goodwill					(11,128)
Finance costs					<u>(2,061)</u>
Loss before taxation					<u>(100,189)</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)	
	2020 <i>HK\$'000</i>	2019 <i>HK\$'000</i>	2020 <i>HK\$'000</i>	2019 <i>HK\$'000</i>
PRC	51,565	58,853	970	37,014
Hong Kong	28,602	28,370	–	5,921
	<u>80,167</u>	<u>87,223</u>	<u>970</u>	<u>42,935</u>

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

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 sale of related goods or money lending segment which contributed over 10% of the total revenue of the Group.

5. OTHER GAINS AND LOSSES, NET

	2020 <i>HK\$'000</i>	2019 <i>HK\$'000</i>
Impairment loss on financial assets, net	(61,744)	(22,618)
Exchange differences, net	(9,677)	5,069
Gains/(losses) on disposal of property, plant and equipment	453	(614)
Loss on disposal of intangible assets	–	(2,350)
Others	1,257	409
	<u>(69,711)</u>	<u>(20,104)</u>

6. FINANCE COSTS

	2020 <i>HK\$'000</i>	2019 <i>HK\$'000</i>
Interest on borrowings wholly repayable within five years	2,026	1,826
Interest on lease liabilities	294	235
	<u>2,320</u>	<u>2,061</u>

7. LOSS BEFORE TAXATION

	2020 <i>HK\$'000</i>	2019 <i>HK\$'000</i>
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Loss before taxation has been arrived at after charging:

Auditor's remuneration	550	850
Staff costs (including directors' emoluments):		
Wages, salaries and other allowances	10,146	19,235
Contributions to retirement benefits schemes	945	2,903
Employee share option benefits	2,659	4,206
	<u>13,750</u>	<u>26,344</u>
Depreciation of property, plant and equipment	3,720	2,578
Depreciation of right-of-use-assets	4,827	3,361
Amortisation of other intangible assets	7,039	17,390
	<u>15,586</u>	<u>23,329</u>
Total depreciation and amortisation		
Short-term lease payments	<u>2,107</u>	<u>4,045</u>

8. TAXATION

On 21 March 2018, the Hong Kong Legislative Council passed The Inland Revenue (Amendment) (No. 7) Bill 2017 (the “Bill”) which introduces the two-tiered profits tax rates regime. The Bill was signed into law on 28 March 2018 and was gazetted on the following day. Under the two-tiered profits tax rates regime, 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, starting from the current year, the Hong Kong profits tax 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.

	2020 <i>HK\$'000</i>	2019 <i>HK\$'000</i>
Current taxation		
– PRC Enterprise Income Tax	686	–
– Hong Kong Profits Tax	301	290
(Over)/under-provision in prior years		
– PRC Enterprise Income Tax	(298)	–
– Hong Kong Profits Tax	113	–
Deferred taxation	<u>(3,311)</u>	<u>(1,097)</u>
	<u>(2,509)</u>	<u>(807)</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:

	2020 <i>HK\$'000</i>	2019 <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>(137,831)</u>	<u>(95,294)</u>
	2020	2019
Number of shares		
Weighted average number of ordinary shares for the purpose of basic and diluted loss per share	<u>348,359,766</u>	<u>318,677,275</u>

On 4 May 2020, the Company completed a capital reorganisation which involved the consolidation of every twenty ordinary shares of the Company of HK\$0.1 each into one consolidated share of HK\$2.0 each. For the year ended 31 December 2019, the weighted average number of ordinary shares has been adjusted for the effect of the share consolidation.

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.

10. DIVIDEND

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

11. ACCOUNTS RECEIVABLE

	2020 <i>HK\$'000</i>	2019 <i>HK\$'000</i>
Accounts receivable arising from the business of provision of advertising agency services and sales of books and magazines	12,521	14,517
– less: allowance for expected credit loss (“ECL”)	(250)	(4,171)
	<u>12,271</u>	<u>10,346</u>
Accounts receivable arising from the business of dealing in securities:		
Cash client	174,968	161,501
– less: allowance for ECL	(57,657)	(30,158)
	<u>117,311</u>	<u>131,343</u>
Accounts receivable arising from the business of e-commerce platform services and sales of related goods	5,540	11,303
– less: allowance for ECL	(943)	(2,643)
	<u>4,597</u>	<u>8,660</u>
	<u><u>134,179</u></u>	<u><u>150,349</u></u>

Provision of advertising agency services and sales of books and magazines

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 doubtful debts, presented based on date of advertising agency services provided or magazines issued, which approximate the date of revenue recognition is as follows:

	2020		2019	
	<i>HK\$'000</i>	%	<i>HK\$'000</i>	%
Less than three months	11,964	97	6,600	64
Three months to six months	170	1	1,902	18
Over six months to one year	99	1	1,844	18
Over than one year	38	1	–	–
	<u>12,271</u>	<u>100</u>	<u>10,346</u>	<u>100</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.

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 related goods

The aging 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:

	2020 <i>HK\$'000</i>	2019 <i>HK\$'000</i>
Less than three months	1,618	2,969
Three months to six months	784	1,994
Over six months to one year	1,923	2,500
Over one year	272	1,197
	<hr/> 4,597 <hr/>	<hr/> 8,660 <hr/>

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% and will be repaid in accordance with the terms of the loan agreements.

	2020 <i>HK\$'000</i>	2019 <i>HK\$'000</i>
Loan receivables	226,884	214,130
– less: allowance for ECL	<u>(44,476)</u>	<u>(16,840)</u>
	<u>182,408</u>	<u>197,290</u>
Analysed as		
Secured	120,926	151,718
Unsecured	<u>61,482</u>	<u>45,572</u>
	<u>182,408</u>	<u>197,290</u>

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

	2020 <i>HK\$'000</i>	2019 <i>HK\$'000</i>
Overdue	17,749	21,540
Less than three months	16,841	18,964
Three months to six months	64,160	58,625
Over six months to one year	<u>83,658</u>	<u>98,161</u>
	<u>182,408</u>	<u>197,290</u>

13. ACCOUNTS PAYABLE

	2020 <i>HK\$'000</i>	2019 <i>HK\$'000</i>
Accounts payable arising from the provision of advertising agency service and sales of books and magazines	16,708	8,809
Accounts payable arising from the securities broking business		
– Cash clients	22,429	12,508
– Hong Kong Securities Clearing Company Limited	1,552	–
Accounts payable arising from the provision of e-commerce platform service and sales of related goods	<u>1,557</u>	<u>4,970</u>
	<u>42,246</u>	<u>26,287</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:

	2020		2019	
	<i>HK\$'000</i>	%	<i>HK\$'000</i>	%
Less than three months	10,688	64	1,178	13
Three months to six months	1,399	8	2,084	24
Over six months to one year	549	3	540	6
Over one year	4,072	25	5,007	57
	16,708	100	8,809	100

The average credit period granted by accounts payables is 90 days (2019: 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.

Provision of e-commerce platform services and sales of related goods

The aging 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:

	2020		2019	
	<i>HK\$'000</i>	%	<i>HK\$'000</i>	%
Less than three months	253	16	1,363	27
Three months to six months	252	16	3,607	73
Over six months to one year	518	34	–	–
Over one year	534	34	–	–
	1,557	100	4,970	100

The average credit period granted by accounts payables is 61 days (2019: 61 days). The Group has financial risk management policies in place to ensure that all payables are within the credit time frame.

14. BORROWINGS

	2020 <i>HK\$'000</i>	2019 <i>HK\$'000</i>
Margin payables	<u>25,495</u>	<u>23,536</u>

As at 31 December 2020, 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\$25,495,000 (2019: approximately HK\$23,536,000) as at 31 December 2020 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\$17,241,000 (2019: approximately HK\$16,946,000).

15. EVENTS AFTER REPORTING PERIOD

The Company is indirectly interested (through Laberie Holdings Limited ("Laberie"), a wholly-owned subsidiary) in 70,000,000 shares of Asia-Pac Financial Investment Company Limited ("Asia-Pac"), representing approximately 24.02% of the shares of Asia-Pac in issue as at 31 December 2020.

Pursuant to a letter of irrevocable undertaking (the "Irrevocable Undertaking") executed by the Company on 5 November 2020 in favour of Asia-Pac, Laberie has irrevocably undertaken to take up all of the assured entitlements of 210,000,000 Asia-Pac rights shares in respect of 70,000,000 shares of Asia-Pac beneficially owned by Laberie as at the date of the Irrevocable Undertaking pursuant to the terms of the issue of Asia-Pac by way of rights of three (3) Asia-Pac rights shares for every one (1) share of Asia-Pac in issue at the subscription price of HK\$0.05 per Asia-Pac rights share (the "Asia-Pac Rights Issue") provided that the total number of Asia-Pac rights shares to be subscribed by Laberie under the Asia-Pac Rights Issue will be scaled down to the extent that Laberie will not trigger a general offer obligation in accordance to the note to Rule 10.26(2) of the Rules Governing the Listing of Securities on GEM of the Stock Exchange.

The Asia-Pac Right Issues was completed in February 2021 and Laberie subscribed 210,000,000 Asia-Pac rights shares for an aggregate consideration of HK\$10,500,000. Immediately after the completion of Asia-Pac Right Issues, Laberie held 280,000,000 shares in Asia-Pac, representing approximately 24.02% of the shares of Asia-Pac in issue.

BUSINESS REVIEW

Advertising and Sales of Books and Magazines

Revenue derived from the business of advertising and sales of books and magazines was continuous to be 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 year 2020. The operational scale of the print media advertising business of the Group in China was dampened due to the adverse impact of COVID-19 pandemic and the gradual expiry of all its exclusive advertising contracts with various magazines owners or operators over the past few years. As a result, the Group's revenue derived from the print media business, were adversely affected.

In light of the above, the Group had proactively developed digital media marketing services and multi-channel network (MCN) business. The revenue derived from the provision of advertising services for the current year was approximately HK\$42.4 million, representing approximately 52.9% of the total revenue. Approximately HK\$11.2 million of the advertising services revenue was contributed by the digital marketing services and MCN business.

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 2020, the commission and brokerage income and the interest income derived from the securities broking business amounted to approximately HK\$12.9 million in total, representing approximately 16.1% 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 2020, the interest income from loan receivables arising from the money lending business amounted to approximately HK\$15.7 million, representing approximately 19.5% 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 2020, the revenue contributed by the provision of e-commerce platform services and sales of related goods was approximately HK\$9.2 million, representing approximately 11.5% of the total revenue of the Group.

OUTLOOK AND PROSPECT

The relevant policies and arrangements under the Belt and Road Initiative and the Guangdong-Hong Kong-Macao Greater Bay Area make Hong Kong more competitive in attracting foreign investments. Nevertheless, investors' negative sentiment and concerns over the economic outlook caused by the China-US trade war had made the global stock market even more volatile. Following the presidential transition of the U.S. in January 2021, the market is still concerning the uncertainties on whether the two countries can work out an agreement to settle the trade conflicts. Moreover, the unstable political environment in Hong Kong in 2019 and the outbreak and spread of the Coronavirus Disease 2019 ("COVID-19") in early 2020 caused shrinkage to the economic activities and the business environment. These may lead to uncertainties and potential risks to the business operation of the Group in the future.

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. Yet, the Group will 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 2020, the aggregated revenue of the Group deriving from the provision of advertising services and sales of books and magazines was approximately HK\$42.4 million, which was relatively stable as compared with that of approximately HK\$42.7 million for the year ended 31 December 2019.

For the year ended 31 December 2020, the revenue of the Group deriving from the securities broking business, the e-commerce business and the money lending business were approximately HK\$12.9 million (2019: approximately HK\$13.4 million), approximately HK\$9.2 million (2019: approximately HK\$16.1 million) and approximately HK\$15.7 million (2019: approximately HK\$15.0 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 2020 was approximately 70.1%, which was higher than that for the year ended 31 December 2019 of approximately 58.2%. The higher gross profit margin in current year was attributable to the increase 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 2020, there were fair value gains on held-for-trading investments of approximately HK\$9.6 million (2019: fair value losses of approximately HK\$9.0 million).

The selling and distribution costs for the year ended 31 December 2020 was approximately HK\$11.8 million, decreased by approximately 35.0% from approximately HK\$18.1 million for the year 2019. The decrease was conform with the decrease in revenue.

The administrative expenses decreased by approximately 45.0% from approximately HK\$70.7 million for the year 2019 to approximately HK\$38.9 million for the year 2020.

For the year ended 31 December 2020, a share of loss from Mondadori-SEEC (Beijing) Advertising Co. Ltd., a joint venture of the Group, of approximately HK\$8.9 million (2019: share of loss of approximately HK\$14.0 million) was recognised. For the year ended 31 December 2020, provision of impairment loss on interest in a joint venture of approximately HK\$3.9 million was recognised.

For the year ended 31 December 2020, a share of loss from Asia-Pac Financial Investment Company Limited (“Asia-Pac”), an associate of the Group, of approximately HK\$7.5 million (2019: share of loss of approximately HK\$10.3 million) 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 2020, provision of impairment loss on interest in an associate of approximately HK\$26.9 million was recognised.

The loss for the year ended 31 December 2020 attributable to owners of the Company amounted to approximately HK\$137.8 million (2019: loss of approximately HK\$95.3 million), representing an increase of approximately 44.6%. The increase was mainly due to (i) the increase in impairment loss on financial assets from approximately HK\$22.6 million in 2019 to approximately HK\$61.7 million in 2020; (ii) the provision of impairment loss on interest in an associate of approximately HK\$26.9 million in the year 2020; and (iii) the impairment loss on other intangible assets and right-of-use assets of approximately HK\$15.4 million and approximately HK\$14.1 million in the year 2020. These effects were partially offset by the increase in gross profit in the year 2020.

To preserve financial resources for future operation of the Group, the Board did not recommend the payment of a dividend for the year 2020 (2019: nil).

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.

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 2019 <i>HK\$'000</i>	Actual use of net proceeds during the year ended 31 December 2020 <i>HK\$'000</i>	Actual use of net proceeds as at 31 December 2020 <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	265,000	10,000	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	30 June 2021
Acquisition of companies engaged in the development and operation of e-commerce platform	124,000	123,180	820	124,000	–	–
Operation and development of money lending business	110,000	100,000	10,000	110,000	–	–
	<u>519,000</u>	<u>488,180</u>	<u>20,820</u>	<u>509,000</u>	<u>10,000</u>	

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

Material Acquisitions and Disposals of Subsidiaries

During the year ended 31 December 2020, the Group had not made any material acquisition and disposal of subsidiaries.

Significant Investments

As at 31 December 2020, the Group had held-for-trading investments, representing equity securities listed in Hong Kong, of approximately HK\$36.1 million (2019: approximately HK\$17.3 million). The Board considers that investments with market value accounting for more than 5% of the Group's total assets as 31 December 2020 as significant investments.

Details of the top one held-for-trading investment, in terms of market value as at 31 December 2020, are as follows:

Company name	As at 31 December 2020			For the year ended 31 December 2020		
	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 gain on the investments <i>HK\$'000</i>	Dividends received <i>HK\$'000</i>
China e-Wallet Payment Group Limited ("CEPG")	74,000,000	2.70%	8,806	1.77%	444	–

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 2020, the Group recognised fair value gains on held-for-trading investments of approximately HK\$9.6 million (2019: fair value losses of approximately HK\$9.0 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 2020, the Group's total equity was approximately HK\$273.4 million (2019: approximately HK\$403.0 million). The decrease was mainly attributable to the loss for the current year of approximately HK\$143.4 million.

The Group had non-current liabilities of approximately HK\$10.0 million as at 31 December 2020 (2019: approximately HK\$4.0 million). The non-current liabilities as at 31 December 2020 consisted of lease liabilities. As at 31 December 2020, the Group's gearing ratio was approximately 45.6%, representing a percentage of total liabilities over total assets (2019: approximately 37.4%).

As at 31 December 2020, the Group had borrowings of approximately HK\$25.5 million (2019: approximately HK\$23.5 million). The borrowings carried a fixed interest rate of 8% per annum and was repayable on demand (2019: fixed interest rate of 8% per annum; repayable on demand).

As at 31 December 2020, the Group had bank and cash balances (other than those in trust and segregated accounts) amounted to approximately HK\$57.3 million (2019: approximately HK\$73.4 million).

CHARGES ON ASSETS

As at 31 December 2020, the Group had pledged held-for-trading investments of approximately HK\$17.2 million (2019: approximately HK\$16.9 million) to secure the margin payables of approximately HK\$25.5 million (2018: approximately HK\$23.5 million), which was included in the borrowings of the Group.

COMMITMENTS

As at 31 December 2020, the Group had no material commitment (2019: 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 2020, the Group has a fixed interest rate borrowing amounting approximately HK\$25.5 million (2019: approximately HK\$23.5 million) from a regulated securities broker and had not engaged in any financial instruments for hedging or speculative activities.

EMPLOYEES

As at 31 December 2020, the Group had 88 (2019: 148) employees in Hong Kong and the 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 Old Share Option Scheme.

On 27 July 2017, 637,200,000 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. On 17 April 2019, 637,200,000 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 years ended 31 December 2019, no share options under the Share Option Scheme were exercised or forfeited. In February 2020, all the share options granted on 27 July 2017 were forfeited.

With effect from 4 May 2020, every twenty (20) issued and unissued existing shares of par value of HK\$0.10 each in the share capital of the Company was consolidated into one (1) consolidated share of par value of HK\$2.00 each. Accordingly, the outstanding share options for subscription of 637,200,000 shares at the exercise price of HK\$0.10 each were adjusted to share options for subscription of 31,860,000 shares at the exercise price of HK\$2.00 each.

On 20 May 2020, 31,800,000 share options to subscribe for up to a total of 31,800,000 ordinary shares of HK\$0.01 each were granted to eligible participants under the Share Option Scheme.

The number of shares issuable under share options granted under the Share Option Scheme was 63,660,000, representing approximately 16.6% of the Company’s issued shares of 382,407,275 shares as at the date of this announcement published on 31 March 2021.

At the date of the Company’s 2019 annual report issued on 15 May 2020, the number of shares issuable under share options granted under the Share Option Scheme was approximately 31,860,000, representing approximately 10.0% of the Company’s issued shares of 318,677,275 shares at the time being.

EVENT AFTER THE REPORTING PERIOD

The Company is indirectly interested (through Laberie Holdings Limited (“Laberie”), a wholly-owned subsidiary) in 70,000,000 shares of Asia-Pac, representing approximately 24.02% of the shares of Asia-Pac in issue as at 31 December 2020.

Pursuant to a letter of irrevocable undertaking (the “Irrevocable Undertaking”) executed by the Company on 5 November 2020 in favour of Asia-Pac, Laberie has irrevocably undertaken to take up all of the assured entitlements of 210,000,000 Asia-Pac rights shares in respect of 70,000,000 shares of Asia-Pac beneficially owned by Laberie as at the date of the Irrevocable Undertaking pursuant to the terms of the issue of Asia-Pac by way of rights of three (3) Asia-Pac rights shares for every one (1) share of Asia-Pac in issue at the subscription price of HK\$0.05 per Asia-Pac rights share (the “Asia-Pac Rights Issue”) provided that the total number of Asia-Pac rights shares to be subscribed by Laberie under the Asia-Pac Rights Issue will be scaled down to the extent that Laberie will not trigger a general offer obligation in accordance to the note to Rule 10.26(2) of the Rules Governing the Listing of Securities on GEM of the Stock Exchange.

The Asia-Pac Right Issues was completed in February 2021 and Laberie subscribed 210,000,000 Asia-Pac rights shares for an aggregate consideration of HK\$10,500,000. Immediately after the completion of Asia-Pac Right Issues, Laberie held 280,000,000 shares in Asia-Pac, representing approximately 24.02% of the shares of Asia-Pac in issue.

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.

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 2020.

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 2020.

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 2020 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 2021

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