Chairman's Statement

On behalf of the board of directors (the "Board") of SEEC Media Group Limited (the "Company"), I am pleased to present to you the 2005 annual results for the Company and its subsidiaries (collectively referred to as the "Group" or "SEEC Media").

For the year ended 31st December, 2005, the Group recorded total revenues of approximately HK$101.5 million, representing an increase of 31.8% from HK$77.0 million in 2004.

Profit attributable to shareholders amounted to approximately HK$30.6 million, compared to HK$52.4 million in 2004. Basic earnings per share were HK$0.0197 versus HK$0.0339 in 2004. Profit attributable to shareholders for the year ended 31st December, 2004 included certain one-time non-recurring items such as gain on disposal of a long-term exclusive advertising right to China Business Post. Excluding such gains, operating profit before taxation for the year ended 31st December, 2005 was HK$49.8 million, representing an increase of 43.9% from the previous year's amount of HK$34.6 million.

The Board recommends a final dividend of HK$0.004 per share (2004: HK$0.01).

Business Review

2005 was a year of unprecedented challenges for the print media in China. Although the overall advertising market still outpaced the GDP growth in 2005, the macro-economic control measures adopted by the People's Republic of China government targeted at certain sectors such as real estate and automobile continued to negatively impact advertisers' spending on print media. According to CTR Market Research, the overall advertising expenditures and magazine advertising expenditures both recorded 18% growth in 2005, the lowest for the past three years. Advertising expenditures in print media by some key sectors such as real estate, automobile and telecommunications even declined in 2005.

As of 31st December, 2005, the Group owned the advertising rights to a portfolio of 6 leading magazines in China. During the year, revenues and earnings from the Group's core print media advertising business delivered strong growth over the same period of 2004 despite the sluggish growth in print advertising. Our revenues grew by 31.8% to HK$101.5 million. The encouraging increase in revenues was primarily the result of an increase in advertising rate card and advertising pages. Apart from print advertising sales, we have benefited from our efforts in brand extension by organizing more branded conferences and events in 2005.

The top three contributors to the Group's advertising revenues remained to be the real estate, automobile and IT industries. We have also witnessed growth from areas like the financial services and personal consumer product sectors, as the gradual opening of the financial services industry according to WTO accession and diminishing import tax on certain consumer products have driven clients from these sectors to adopt more sophisticated advertising strategies to boost their sales and market shares.

Chairman's Statement

The solid performance reflects the leadership positions of our magazine titles command across all the magazine segments we operate in. Throughout the year, the Group has been focusing on strengthening the prominent brand names of the magazine titles under our portfolio through putting more sales and marketing efforts. Increased emphasis was also placed on providing advertisers with innovative marketing tools by way of new content and advertising format or packaging and bundle sale with branded conferences and events.

Our flagship title Caijing Magazine continued to deliver strong performance leveraging on its brand power as well as strengthened sales efforts. In 2005, approximately HK$43.8 million, or 43.2% of the total revenues of the Group was derived from Caijing Magazine, representing a 33.0% increase from the same period of last year. Three years in a row, Caijing Magazine have managed to increase its advertising rates, by 12% on average in 2005 due to strong demand for its advertising space.

Despite a contraction in advertising expenditures by real estate sector in 2005, the New Real Estate Magazine Series generated approximately HK$29.4 million in revenue for the Group, representing an increase of 34.7% from the same period of last year, and accounted for 29.0% of the Group's total revenues. The strong growth achieved by the New Real Estate Magazine Series was attributable to its continuous focus on promotion through more magazine display channels, and more importantly, increasingly diversifying revenue streams from conferences and events leveraging on its strong brand name.

As an important step of expanding our magazine portfolio, the Group formed a joint venture with Ziff Davis Media Inc. and launched the No.1 technology publication in the United States, PC Magazine, in the China market in November 2005. Apart from the Chinese edition of PC Magazine, the joint venture will also establish related online properties and integrated marketing capabilities, including the offering of live and online events. Moreover, the joint venture may determine to launch Chinese editions of additional Ziff Davis Media magazines and services in the future.

Business Outlook

The Group remained positive about the advertising market potential for the coming years in China. We believe that the overall advertising industry will continue to expand at a pace in line with its present rate, as the government aims to further promote consumption as a key stimulus for China's economic growth and two major events, including the 2008 Beijing Olympics and 2010 World Expo, draw near. On the other hand, in accordance with its WTO commitment, the PRC government has allowed foreign companies to wholly own advertising agency companies in China since 11th December, 2005. The relaxation of foreign ownership in advertising agency companies may provide a favorable environment for the Group to further expand its advertising agency business in China.

In the coming years, the Group will continue our focus on magazine advertising business through further expansion of our magazine portfolio. We aim to achieve this through both organic growth and acquisitions. As we have successfully concluded negotiations with various top international media groups to introduce the Chinese editions of their leading magazine titles into China in the near future, we are also in the process of exploring acquisition opportunities for long-term, exclusive advertising rights to other quality magazine titles in China, with a focus on consumer driven segments.

Acknowledgement

On behalf of the Board, I would like to take this opportunity to thank our business partners, customers, and shareholders. I would also like to thank our staff for their loyalty and dedication. We remain committed to further growing and strengthening our business and maximizing the shareholders' value.

Wang Boming
Chairman

Hong Kong, 19th April, 2006