

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 2006 annual results for the Company and its subsidiaries (collectively referred to as the "Group" or "SEEC Media").

Business Review

The print media industry in China has faced various challenges in 2006, with mixed results. The Internet and other new media formats kept evolving rapidly, though they were still far from changing the landscape of the advertising industry. The central government's austerity measures, especially in the real estate sector, have brought challenges to this sector and also related fields. According to HC International Inc. ("HC Intelligence") and CTR Market Research, the growth in overall advertising expenditure in China maintained its growth momentum and posted a growth of 18%, still exceeded the GDP growth of the nation in 2006. Of which, advertising spending in print media grew by 9% in 2006, while that in magazines even recorded a robust 22% growth compared with the previous year.

In 2006, the Group initiated a set of strategic moves to strengthen its efforts in the consumer driven magazine segment. As of 31 December 2006, the Group owned the advertising rights to a portfolio of nine magazines in China, three of which were newly launched during the year. While the magazines in the original portfolio maintained their leading positions due to increased efforts on integrated advertising sales and brand extension, the Group set out to develop more consumer magazine titles together with the three newly launched titles.

Despite a strong performance by the Group's leading magazines, revenue declined 2.3% overall to approximately HK\$99.1 million. This was attributable to a combination of factors.

The Group's flagship magazine, Caijing Magazine (財經), recorded a very strong performance in 2006 and continued to maintain its leading market position thanks to its reinforced management, well established brand equity and excellent editorial quality. It achieved a revenue growth of 20% as a result of increased advertising rates as well as a high demand for its advertising space.

Caijing Magazine was ranked No. 1 by HC Intelligence in terms of advertising revenue among all business and financial magazines and No. 8 among all magazines in China. According to CTR Market Research, Caijing Magazine has the highest AIR (average issue readership) among all business and financial magazines, demonstrating its unrivalled quality in editorial content. Caijing Magazine's top three advertising categories are automobiles, IT and luxury goods, with financial services a very close fourth.

However, Caijing Magazine's strong performance was offset by the decline in revenue from the Real Estate Series (地產) (formally known as the New Real Estate Series), because the advertising spending in real estate and related industries was hit by the stringent measures adopted by the central government of China. As a result, the advertising revenue of the Real Estate Series decreased by 18% to approximately HK\$24 million in 2006 compared with the year before.

Also, the Group rescheduled some conferences and events organized by several magazines, and as a result, revenue derived from conferences and events decreased by 36% to approximately HK\$9.5 million compared with the previous year.

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The Group further strengthened its cooperation with international media groups. In 2006, Marketing China (成功營銷) formed a content syndication relationship with VNU Business Media (now known as Nielsen Business Media Group).

With the aim of developing its consumer driven magazine segment, the Group launched three new titles in collaboration with renowned international media groups in the past year. Through cooperation with Time Inc., in September 2006, the Group launched Sports Illustrated (體育畫報) in China which is positioned to capture the immense opportunities arising from the 2008 Olympic Games as well as the increasingly booming sports industries in the nation.

In June 2006, the Group collaborated with Meredith Corporation to introduce Better Homes and Gardens (美好家園) in China to offer infotainment on home management for a target audience of the flourishing middle class. On a further positive note, even though the first title of the joint venture with Ziff Davis Media Inc. – PC Magazine (電腦時空) – has only been in the market for one year and is still in its nurturing stage, it has achieved satisfactory performance to date. Following on the encouraging market response of this magazine, the joint venture officially introduced another new title – CIO Insight (信息方略) – to the market in December 2006. The magazine targets at senior IT decision makers and provides them with updated technology information.

All of these titles are still in their initial investment stage and therefore affected the Group's earnings in 2006. However, the introductions of these new magazine titles is expected to further diversify the Group's revenue sources for its long term and sustained development in the years ahead.

The Group acquired the remaining 22% interest of Caixun Advertising Group in the first half of 2006, which is expected to strengthen the Group's position to further benefit from the growth potential of the China advertising industry.

Business Outlook

The Group remains positive about the advertising market potential for the coming years in China. According to Zenith Optimedia, China has already surpassed Germany to become the fourth largest advertising expenditure market in the world. We believe that the overall advertising industry will continue with its current growth pace, as the government aims to further promote consumption as a key stimulus for China's economic growth. The two major international events, the 2008 Beijing Olympics and 2010 World Expo to be held in Shanghai, are expected to provide additional impetus in propelling the domestic economic growth.

In the coming years, the Group will continue its focus on the magazine advertising business through further expansion of its magazine portfolio. The Group aims to achieve this through both organic growth and acquisitions. In diversifying into the consumer driven segment, the Group is set to have more titles either through cooperation with international media groups, or through acquisition opportunities of long-term and exclusive advertising rights to other quality magazine titles in China. The Group will also develop and execute Internet strategies for each of its titles to seize the growth opportunities that occur.

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Acknowledgement

On behalf of the Board, I would like to express my gratitude to our business partners, customers and shareholders for their support. In addition, I would like to take this opportunity to thank all our staff members for their continuous and valuable contribution to the Group during the year. We are committed to further consolidate our presence in the China advertising industry and maximize value for our shareholders in the long run.

Wang Boming

Chairman

Hong Kong, 23 April 2007