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## **SEEC Media Group Limited**

*(Incorporated in the Cayman Islands with limited liability)*

(Stock Code: 205)

### **DISCLOSEABLE AND CONNECTED TRANSACTION**

The Directors announce that on 6 September 2006, Shenzhen Caixun and Beijing Caixun entered into the Transfer Agreement with Shanghai SEEC and Beijing Lianzheng whereby Shenzhen Caixun and Beijing Caixun conditionally agreed to purchase, and Shanghai SEEC and Beijing Lianzheng agreed to sell, 80% and 20% interest of the registered capital in Jingzheng Ronglian Advertising respectively at an aggregate consideration of RMB2,000,000 (approximately HK\$1,941,748) to be satisfied by cash. The Consideration was agreed after arm's length negotiations among the Parties with reference to the total paid-up registered capital of Jingzheng Ronglian Advertising. Under the Transfer Agreement, the Parties have agreed that immediately after the execution of the Transfer Agreement all the then existing assets (excluding the paid-up registered capital of Jingzheng Ronglian Advertising) and liabilities will be transferred to third party(ies) procured by the Vendors. The Purchasers in effect are purchasing the bare shelf of Jingzheng Ronglian Advertising with its paid-up registered capital.

As each of the Percentage Ratios (other than profits ratio) is less than 25% and the total Consideration is less than HK\$10,000,000, the Acquisition constitutes a discloseable and connected transaction for the Company under the Listing Rules and the Company is exempt from independent shareholders approval requirement but only subject to the reporting and announcement requirements under Chapters 14 and 14A of the Listing Rules.

The Company will send to the Shareholders for their information a circular containing, inter alia, the details of the Transfer Agreement in accordance with the requirements of the Listing Rules as soon as practicable.

#### **Transfer Agreement**

- Date : 6 September 2006
- Parties : (a) Shanghai SEEC and Beijing Lianzheng as Vendors;  
(b) Shenzhen Caixun and Beijing Caixun as Purchasers
- Interest to be acquired : The entire registered capital of Jingzheng Ronglian Advertising of RMB2,000,000 (approximately HK\$1,941,748)
- Consideration : RMB2,000,000 (approximately HK\$1,941,748)
- Basis of the consideration : The Consideration was agreed after arm's length negotiations among the Parties and with reference to the total paid-up registered capital of Jingzheng Ronglian Advertising.

- Payment : The Consideration shall be paid in cash by the Purchasers to the Vendors on the date of completion of the Transfer Agreement.
- Conditions precedent : The Transfer Agreement is conditional upon:
- (a) the registration and approval of the Acquisition by the relevant State Administration for Industry and Commerce in the PRC;
  - (b) the Purchasers having received a PRC legal opinion from their lawyers as to PRC law in connection with the transactions contemplated by the Transfer Agreement; and
  - (c) all the requirements of the Stock Exchange under the Listing Rules in connection with the transactions contemplated by the Transfer Agreement having been complied with.
- Completion : Subject to the above conditions, completion of the Transfer Agreement shall take place within five business days immediately after the conditions precedent have been fulfilled.
- Assets and liabilities not acquired : The Parties have agreed that immediately after the execution of the Transfer Agreement, all the then existing assets (excluding the paid-up registered capital of RMB2,000,000 (approximately HK\$1,941,748) of Jingzheng Ronglian Advertising) and liabilities of Jingzheng Ronglian Advertising including, without limitation, all the existing advertising contracts then currently entered into by Jingzheng Ronglian Advertising shall be transferred to third party(ies) procured by the Vendors. Prior to the completion of such transfers, the Vendors shall be entitled to receive all the benefits and to bear all the obligations in connection with such assets and liabilities of Jinzheng Ronglian Advertising. Accordingly, the Purchasers shall not have any right or bear any responsibilities in connection with such assets and liabilities of Jingzheng Ronglian Advertising.
- Indemnity : The Vendors have agreed that they shall unconditionally and irrevocably indemnify the Purchasers for all losses, claims, damages, costs (including legal costs) and liabilities that may be suffered and incurred by or made against the Purchasers in connection with the said transfers.

### **Reasons for the Acquisition**

Jingzheng Ronglian Advertising is a company which carries on the advertising agency business in the PRC. The Directors consider that the Acquisition will add another advertising agency company to the Group and provide an opportunity for the Group to expand its advertising agency business in the PRC in future. The Company intends that Jingzheng Ronglian Advertising will continue to be engaged in advertising agency business. If opportunities arise, it is the intention of the Group to utilise Jingzheng Ronglian Advertising to engage in providing advertising agency services in relation to magazines circulated in the PRC. Jingzheng Ronglian Advertising has been established in the PRC for over eight years and has acted as advertising agents for a number of magazines circulated in the PRC. Over the years, Jingzheng Ronglian Advertising has established a good and reliable reputation and is well known in the advertising market in the PRC.

It is agreed under the Transfer Agreement that the Vendors will only sell the bare shelf of Jingzheng Ronglian Advertising with its paid-up registered capital to the Purchasers. Apart from the above, the Vendors will not sell, and the Purchasers will not purchase, any other assets and liabilities of Jingzheng Ronglian Advertising. In view of these net losses, the Directors considered that it is presently not attractive for the Group to purchase the underlying assets and liabilities of Jingzheng Ronglian Advertising.

Based on the unaudited management accounts of Jingzheng Ronglian Advertising for the six months ended 30 June 2006, the net deficit of Jingzheng Ronglian Advertising was approximately RMB29,574,000 (approximately HK\$28,713,000). For the year ended 31 December 2004, the net losses both before and after taxation and extraordinary items of Jingzheng Ronglian Advertising were approximately RMB8,634,000 (approximately HK\$8,383,000). For the year ended 31 December 2005, the net losses both before and after taxation and extraordinary items of Jingzheng Ronglian Advertising were approximately RMB12,935,000 (approximately HK\$12,558,000).

### **Information on the Vendors**

Shanghai SEEC is principally engaged in the business of investment consulting. Beijing Lianzheng is principally engaged in the business of investment consulting.

Shanghai SEEC is owned as to 59% by Shenyang Lianya and 41% by two other PRC corporations. To the best of the Directors' knowledge, information and belief having made all reasonable enquiries, these PRC corporations and their ultimate beneficial owners are third parties independent of the Company and Connected Persons of the Company.

Shenyang Lianya is owned by 50 of its staff, including four of the Directors, namely Messrs. Wang Boming, Zhang Zhifang, Dai Xiaojing and Li Shijie. To the best of the Directors' knowledge, information and belief having made all reasonable enquiries, these 50 staff (except Messrs. Wang Boming, Zhang Zhifang, Dai Xiaojing, Li Shijie) are third parties independent of the Company and Connected Persons of the Company.

Since Mr. Wang Boming controls the management of Shenyang Lianya which in turn controls Shanghai SEEC, Shanghai SEEC becomes an associate of Mr. Wang Boming under Rule 1.01 of the Listing Rules and hence a Connected Person of the Company under the Listing Rules.

Further, the entire registered capital of Beijing Lianzheng is owned as to 52.15% by Beijing Liancheng I&C, 10.23% by Wang Boming, 9.44% by Zhang Zhifang, 8.65% by Wang Li, 7.08% by Dai Xiaojing, 3.15% by Sun Jianyi, 3.15% by Li Yi, 3.15% by Chu Xubo and 3.00% by Wangwei. The entire registered capital of Beijing Liancheng I&C is owned as to 25% each by Messrs. Wang Boming, Zhang Zhifang, Dai Xiaojing and Wang Li. To the best of the Directors' knowledge, information and belief having made all reasonable enquiries, these parties (other than Wang Boming, Zhang Zhifang and Dai Xiaojing) are third parties independent of the Company and Connected Persons of the Company.

### **General Information**

As each of the Percentage Ratios (other than profits ratio) is less than 25% and the total Consideration is less than HK\$10,000,000, the Acquisition constitutes a discloseable and connected transaction for the Company under the Listing Rules and the Company is exempt from independent Shareholders approval requirement but only subject to the reporting and announcement requirements under Chapters 14 and 14A of the Listing Rules.

The Company will send to the Shareholders for their information a circular containing, inter alia, the details of the Transfer Agreement in accordance with the requirements of the Listing Rules as soon as practicable.

The Directors, including the independent non-executive Directors, consider that the terms of the Transfer Agreement are fair and reasonable and the Acquisition is in the interests of the Company and the Shareholders as a whole.

The principal activity of the Company is investment holding while its subsidiaries are mainly engaged in the provision of advertising agency services in the PRC.

As at the date of this announcement, the executive Directors are Mr. Wang Boming (Chairman), Mr. Zhang Zhifang, Mr. Dai Xiaojing, Mr. Li Shijie and Mr. Lau See Him, Louis. The independent non-executive Directors are Mr. Fu Fengxiang, Mr. Wang Xiangfei, Mr. Ge Ming and Mr. Ding Yu Cheng.

## **DEFINITIONS**

In this announcement unless the context otherwise requires, the following terms have the following meanings:

“Acquisition”	the acquisition under the Transfer Agreement
“Beijing Caixun”	北京財訊廣告有限公司 (Beijing Caixun Advertising Co., Ltd.*), a limited liability company established under the laws of the PRC and an indirect wholly-owned subsidiary of the Company
“Beijing Liancheng I&C”	北京聯誠投資諮詢有限公司 (Beijing Liancheng Investment Consultant Company Limited*), a limited liability company established under the laws of the PRC
“Beijing Lianzheng”	北京聯証信息科技有限公司 (Beijing Lianzheng Information & Technology Company Limited*), a limited liability company established under the laws of the PRC
“Board”	the board of Directors
“Company”	SEEC Media Group Limited, a company incorporated under the laws of the Cayman Islands with limited liability
“Connected Person”	has the meaning ascribed to it under the Listing Rules
“Consideration”	the consideration payable under the Transfer Agreement
“Director(s)”	the director(s) of the Company
“Group”	the Company and its subsidiaries
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong
“Hong Kong”	the Hong Kong Special Administrative Region of the People’s Republic of China
“Jingzheng Ronglian Advertising”	北京金証榮聯廣告有限公司 (Beijing Jingzheng Ronglian Advertising Company Limited*), a domestic limited liability company established under the laws of the PRC

“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“Parties”	the Vendors and the Purchasers
“Percentage Ratios”	have the meanings ascribed thereto under Rule 14.04(9) of the Listing Rules
“PRC”	The People’s Republic of China which excludes Hong Kong for the purposes of this announcement
“Purchasers”	Shenzhen Caixun and Beijing Caixun
“RMB”	Renminbi yuan, the lawful currency of the PRC
“Shanghai SEEC”	上海聯辦投資發展有限公司 (Shanghai SEEC Investment and Development Corporation*), a domestic limited liability company established under the laws of the PRC
“Share”	share of HK\$0.10 in the capital of the Company
“Shareholder(s)”	the holder(s) of Shares
“Shenyang Lianya”	瀋陽聯亞實業發展公司 (Shenyang Lianya Industrial Development Corporation*), a collectively-owned enterprise established in the PRC
“Shenzhen Caixun”	深圳財訊廣告有限公司 (Shenzhen Caixun Advertising Co., Ltd.*), a domestic limited liability company established under the laws of the PRC and an indirect wholly-owned subsidiary of the Company
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Transfer Agreement”	the registered capital transfer agreement dated 6 September 2006 entered into between the Purchasers and the Vendors
“Vendors”	Shanghai SEEC and Beijing Lianzheng
“%”	per cent

*For the purposes of this announcement, unless otherwise indicated, the exchange rate at HK\$1=RMB1.03 has been used, where applicable, for purpose of illustration only and do not constitute a representation that any amount have been, could have been or may be exchanged.*

By Order of the Board  
**Wang Boming**  
*Chairman*

Hong Kong, 6 September 2006

\* *for identification purposes only*