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SEEC MEDIA GROUP LIMITED

(Incorporated in the Cayman Islands with limited liability)
(Stock code: 205)

DISCLOSEABLE AND CONNECTED TRANSACTIONS, APPLICATION FOR THE WHITEWASH WAIVER AND RESUMPTION OF TRADING

Financial adviser to the Company



FIRST SHANGHAI CAPITAL LIMITED

The Proposed Acquisition and the Proposed Debt Assignment

Reference is made to the circular of the Company dated 15 September 2006 in relation to the acquisition by the Company of the entire registered capital in Jingzheng Ronglian Advertising.

On 21 June 2007, the Vendors and the Purchasers entered into the Supplemental Transfer Agreement whereby the Purchasers conditionally agreed to acquire, and the Vendors agreed to sell, the Acquired Business for a consideration which is equivalent to 9 times of the audited profit before taxation of the Acquired Business for the financial year ended 31 December 2006 prepared in accordance with HKFRSs, but in any event the Consideration shall not exceed RMB111,765,000 (equivalent to approximately HK\$114,000,000). The audited profit before taxation of the Acquired Business for the year ended 31 December 2006 was RMB13,531,634 (equivalent to approximately HK\$13,802,000). As 9 times of such audited profit before taxation exceeds RMB111,765,000, the Consideration was therefore fixed at RMB111,765,000 (equivalent to approximately HK\$114,000,000). Pursuant to the Supplemental Transfer Agreement, a deposit of RMB50,000,000 (equivalent to approximately HK\$51,000,000) is payable to the Vendors within 7 days after the signing of the Supplemental Transfer Agreement and the balance of the Consideration shall be paid or procured to be paid in cash on Completion.

On 22 June 2007, the Vendors, the Purchasers, United Home and the Company entered into the Deed of Debt Assignment whereby the Purchasers conditionally agreed to assign the rights and obligations of the Assigned Debt arising under the Supplemental Transfer Agreement to United Home, and the Company agreed to issue the Consideration Shares at the Issue Price to United Home as consideration for such assignment of the Assigned Debt. The Consideration under the Supplemental Transfer Agreement is RMB111,765,000 (equivalent to approximately HK\$114,000,000), the Assigned Debt will therefore amount to RMB61,765,000 (equivalent to approximately HK\$63,000,000). Based on the Issue Price of HK\$0.375, the number of Consideration Shares will be 168,000,000, which represent (i) approximately 10.81% of the entire issued share capital of the Company as at the date of this announcement; and (ii) approximately 9.76% of the entire issued share capital of the Company as enlarged by the allotment and issue of the Consideration Shares.

The Acquired Business comprises the exclusive advertising agency business in respect of all the advertisements appearing in China Auto Pictorial (中國汽車畫報) for a period of 20 years until 11 May 2025.

Implication of the Proposed Acquisition and the Proposed Debt Assignment under the Listing Rules and the Takeovers Code

As discussed under the section headed "Information on the Vendors and United Home" below, one of the Vendors and United Home are Connected Persons of the Company under the Listing Rules. The Proposed Acquisition and the Proposed Debt Assignment therefore constitute connected transactions for the Company under the Listing Rules. In addition, reference is made to the circular dated 15 September 2006 of the Company in relation to the Previous Acquisition. Given that the Transfer Agreement, the Supplemental Transfer Agreement and the Deed of Debt Assignment involve (i) the same parties or with parties connected or otherwise associated with one another and (ii) the acquisition of Jingzheng Ronglian Advertising and part of its business (i.e. the Acquired Business), the Directors consider that it would be appropriate to aggregate the Previous Acquisition with the Proposed Acquisition and the Proposed Debt Assignment. As the Aggregated Percentage Ratios for the Previous Acquisition, the Proposed Acquisition and the Proposed Debt Assignment are more than 2.5% but less than 25%, the Previous Acquisition, the Proposed Acquisition and the Proposed Debt Assignment in aggregate constitute a discloseable transaction for the Company under the Listing Rules. The Proposed Acquisition, the Proposed Debt Assignment and the issue of the Consideration Shares are subject to the approval of the Independent Shareholders by way of poll at the EGM where United Home and parties acting in concert with it, their respective associates and those Shareholders who are involved in, or interested in, the Previous Acquisition, the Proposed Acquisition, the Proposed Debt Assignment and the Whitewash Waiver will abstain from voting.

Upon Completion (assuming that no further Shares, other than the Consideration Shares, are issued by the Company between the date of this announcement and Completion), the beneficial shareholding interest of United Home and parties acting in concert with it in the Company will increase from approximately 43.62% to 49.12%. Accordingly, United Home will be obliged to make a mandatory general offer for all the issued Shares not already owned or agreed to be acquired by United Home and parties acting in concert with it under Rule 26.1 of the Takeovers Code, unless a Whitewash Waiver is obtained from the Executive.

United Home and parties acting in concert with it will make an application to the Executive for the Whitewash Waiver. The Whitewash Waiver, if granted, will be subject to, among others, the approval of the Independent Shareholders by way of poll at the EGM. United Home and parties acting in concert with it, their respective associates and those Shareholders who are involved in, or interested in, the Previous Acquisition, the Proposed Acquisition, the Proposed Debt Assignment and the Whitewash Waiver are required to abstain from voting at the EGM. Completion is subject to the satisfaction of a number of conditions precedent (including the obtaining of the Whitewash Waiver from the Executive) as detailed below.

The condition regarding the obtaining of the Whitewash Waiver will not be waived under the Deed of Debt Assignment. The Whitewash Waiver may or may not be granted by the Executive. If the Whitewash Waiver is not granted, both the Supplemental Transfer Agreement and the Deed of Debt Assignment shall lapse since the Supplemental Transfer Agreement shall lapse if all the conditions in the Deed of Debt Assignment have not been fulfilled. Shareholders and potential investors are advised to exercise caution when dealing in the Shares.

General

The Independent Board Committee has been formed to advise the Independent Shareholders on the terms of the Supplemental Transfer Agreement, the Deed of Debt Assignment and the Whitewash Waiver. Partners Capital International Limited has been appointed as independent financial adviser to advise the Independent Board Committee and the Independent Shareholders in this regard. The appointment of Partners Capital International Limited as the independent financial adviser has been approved by the Independent Board Committee.

A circular containing, amongst other things, details of the Proposed Acquisition, the Proposed Debt Assignment and the Whitewash Waiver, the recommendation of the Independent Board Committee and the letter of advice from the independent financial adviser in respect thereof, and a notice convening the EGM, will be sent to the Shareholders as soon as practicable but in any event in accordance with the Takeovers Code and the Listing Rules.

Suspension and resumption of trading

At the request of the Company pending the release of this announcement, trading in the Shares was suspended with effect from 9:30 a.m. on 11 June 2007. An application has been made by the Company to the Stock Exchange for the resumption of trading in the Shares with effect from 9:30 a.m. on 25 June 2007.

THE PROPOSED ACQUISITION AND THE PROPOSED DEBT ASSIGNMENT

Background

On 6 September 2006, the Purchasers and the Vendors entered into the Transfer Agreement whereby the Purchasers agreed to acquire the entire registered capital in Jingzheng Ronglian Advertising at a total consideration of RMB2,000,000 (equivalent to approximately HK\$2,040,000) in cash. As Jingzheng Ronglian Advertising had not achieved satisfactory performance for the year 2005, the Directors considered that it was not attractive for the Group to purchase the underlying assets and liabilities of Jingzheng Ronglian Advertising because it would be more prudent to acquire advertising business which would enhance the Group's earning base. Meanwhile, the Directors could continue to look for suitable investment opportunities. As such, under the Transfer Agreement, the parties agreed that immediately after the execution of the Transfer Agreement, all the then existing assets and liabilities would be transferred to third parties procured by the Vendors. The Purchasers in effect purchased the bare shelf of Jingzheng Ronglian Advertising with its paid-up registered capital. The consideration of RMB2,000,000 was paid in November 2006. Except for the Acquired Business, all the other assets and liabilities of Jingzheng Ronglian Advertising were transferred to third parties in September 2006.

Recently, the parties decided not to transfer the Acquired Business to third parties in light of the good future prospect of advertising agency business in automobile market in the PRC. The Directors are also of the view that the Proposed Acquisition would diversify the portfolio of advertising agency business of the Group. Therefore, on 21 June 2007, the Vendors and the Purchasers entered into the Supplemental Transfer Agreement whereby the Purchasers conditionally agreed to acquire, and the Vendors agreed to sell, the Acquired Business at the Consideration.

On 22 June 2007, the Vendors, the Purchasers, United Home and the Company also entered into the Deed of Debt Assignment whereby the Purchasers conditionally agreed to assign the rights and obligations of the Assigned Debt arising under the Supplemental Transfer Agreement to United Home, and the Company agreed to issue the Consideration Shares to United Home as consideration for such assignment of the Assigned Debt.

The Supplemental Transfer Agreement

Date: 21 June 2007

Parties: (a) Shanghai SEEC and Beijing Lianzheng as Vendors
(b) Shenzhen Caixun and Beijing Caixun as Purchasers

Beijing Caixun owns the advertising rights to a portfolio of leading magazines in the PRC such as Capital Week, Caijing Magazine, Real Estate Series and Marketing China. Shenzhen Caixun is also engaged in advertising business and assists Beijing Caixun in the sale of advertisements of magazines which Beijing Caixun has exclusive advertising rights.

Acquired Business: The exclusive advertising agency business in respect of all the advertisements appearing in China Auto Pictorial (中國汽車畫報) carried on by Jingzheng Ronglian Advertising.

Consideration and basis of the Consideration: The Consideration is equivalent to 9 times of the audited profit before taxation of the Acquired Business for the financial year ended 31 December 2006 prepared in accordance with HKFRSs, but in any event shall not exceed RMB111,765,000 (equivalent to approximately HK\$114,000,000). The audited profit before taxation of the Acquired Business for the year ended 31 December 2006 was RMB13,531,634 (equivalent to approximately HK\$13,802,000). As 9 times of such audited profit before taxation exceeds RMB111,765,000, the Consideration was therefore fixed at RMB111,765,000 (equivalent to approximately HK\$114,000,000).

Pursuant to the Supplemental Transfer Agreement, a deposit of RMB50,000,000 (equivalent to approximately HK\$51,000,000) is payable to the Vendors within 7 days after the signing of the Supplemental Transfer Agreement and the balance of the Consideration shall be paid or procured to be paid in cash on Completion. The cash consideration will be financed by internal resources of the Group and/or by other third parties.

In the event that the Consideration is less than RMB50,000,000 (equivalent to approximately HK\$51,000,000), the Vendors will refund the difference between RMB50,000,000 and the Consideration to the Purchasers in cash on completion of the Supplemental Transfer Agreement. If the conditions precedent having not been fulfilled or waived (as the case may be), the Vendors will refund the RMB50,000,000 together with interest accrued (at the current deposit rate offered by the People's Bank of China) to the Purchasers on or before 30 September 2007 or such other date as the parties may mutually agree.

The Consideration has been determined after arm's length negotiations among the parties with reference to the historical performance and future prospects of the Acquired Business. Given that most of the similar companies (i.e. companies engaging in advertising agencies or advertising services businesses) listed in Hong Kong and the PRC were traded at price-earnings multiples of higher than 9 times, and having considered certain recent similar transactions in the past six months (i.e. acquisitions involving companies engaging in advertising services business or media business) in the PRC and the prospects of the Acquired Business as stated in the section headed "Reasons for the Proposed Acquisition and the Proposed Debt Assignment" below, the Directors (excluding independent non-executive Directors) consider the basis for determining the Consideration to be fair and reasonable.

Conditions precedent: Completion of the Supplemental Transfer Agreement is subject to fulfillment of the following conditions:

- (a) the passing of the necessary resolution(s) (by way of poll) by the Independent Shareholders at the EGM to approve the transactions contemplated under the Supplemental Transfer Agreement;
- (b) the Purchasers having received from their lawyers as to PRC law in connection with the transactions contemplated under the Supplemental Transfer Agreement to the satisfaction of the Purchasers; and
- (c) all the requirements of the Stock Exchange under the Listing Rules in connection with the transactions contemplated by the Supplemental Transfer Agreement having been fully complied with.

Completion: Completion of the Supplemental Transfer Agreement shall take place within 30 business days after the satisfaction of all of the above conditions or condition (b) having been waived by the Purchasers (as the case may be) or such other date as the parties may mutually agree.

The Supplemental Transfer Agreement shall lapse if all of the conditions in the Supplemental Transfer Agreement having not been fulfilled or condition (b) having not been waived by the Purchasers (as the case may be) on or before 30 September 2007 or such later date as the parties may mutually agree.

It is also provided in the Deed of Debt Assignment that the Supplemental Transfer Agreement shall lapse (save for the refund by the Vendors of RMB50,000,000 together with interest accrued (at the current deposit rate offered by the People's Bank of China) to the Purchasers) if all the conditions in the Deed of Debt Assignment have not been fulfilled on or before 30 September 2007 or such later date as the parties may mutually agree.

The Deed of Debt Assignment

Date: 22 June 2007

Parties:

- (a) Shanghai SEEC and Beijing Lianzheng
- (b) Shenzhen Caixun and Beijing Caixun as assignor
- (c) United Home as assignee
- (d) the Company as issuer

Principal terms:

- (a) The Purchasers agreed to assign the rights and obligations of the Assigned Debt arising under the Supplemental Transfer Agreement to United Home.
- (b) The Company agreed to allot and issue the Consideration Shares to United Home as consideration for the assignment of the Assigned Debt.
- (c) Number of Consideration Shares to be allotted and issued shall be calculated according to the formula below:

$$\begin{array}{l} \text{Number of Consideration} \\ \text{Shares to be allotted} \\ \text{and issued} \end{array} = \frac{\text{Assigned Debt}}{\text{Issue Price}}$$

The Issue Price is calculated as the higher of (i) the average closing price per Share as quoted on the Stock Exchange for the last 30 consecutive trading days immediately prior to and including the date of the Deed of Debt Assignment; or (ii) HK\$0.35.

The Directors (excluding the independent non-executive Directors) consider that the Issue Price (including the price of HK\$0.35) is determined after arm's length negotiations between the parties with reference to recent traded prices of the Shares and is a commercial decision.

The Issue Price of HK\$0.375 per Consideration Share (which is equivalent to the average closing price per Share as quoted on the Stock Exchange for the last 30 consecutive trading days immediately prior to and including the date of the Deed of Debt Assignment) represents:

- i. a discount of approximately 12.79% to the closing price per Share of HK\$0.43 as quoted on the Stock Exchange on 8 June 2007, being the Last Trading Day;
- ii. a discount of approximately 10.93% to the average closing price per Share of HK\$0.421 as quoted on the Stock Exchange for the last 5 trading days leading up to and including the Last Trading Day;
- iii. a discount of approximately 8.31% to the average closing price per Share of HK\$0.409 as quoted on the Stock Exchange for the last 10 trading days leading up to and including the Last Trading Day; and
- iv. a premium of approximately 140.38% to the audited consolidated net assets per Share of approximately HK\$0.156 as at 31 December 2006.

The Consideration under the Supplemental Transfer Agreement is RMB111,765,000 (equivalent to approximately HK\$114,000,000), the Assigned Debt therefore will amount to RMB61,765,000 (equivalent to approximately HK\$63,000,000). Based on the Issue Price of HK\$0.375, the number of Consideration Shares will be 168,000,000, which represent (i) approximately 10.81% of the issued share capital of the Company as at the date of this announcement; and (ii) approximately 9.76% of the issued share capital of the Company as enlarged by the allotment and issue of the Consideration Shares.

The Consideration Shares shall be issued as fully paid and shall rank pari passu in all respects with the ordinary Shares then in issue. An application will be made by the Company to the Stock Exchange for the listing of, and permission to deal in, the Consideration Shares.

Conditions precedent:

Completion of the Deed of Debt Assignment is subject to fulfillment of the following conditions:

- (a) the passing of the necessary resolution(s) (by way of poll) by the Independent Shareholders at the EGM to approve the transactions contemplated under the Deed of Debt Assignment;

- (b) the granting of the Whitewash Waiver by the Executive to United Home and parties acting in concert with it;
- (c) all the requirements of the Stock Exchange under the Listing Rules in connection with the transactions contemplated by the Deed of Debt Assignment having been fully complied with;
- (d) the Listing Committee of the Stock Exchange granting the listing of, and permission to deal in, the Consideration Shares;
- (e) the Company having received a PRC legal opinion from its lawyers as to PRC law in connection with the transactions contemplated under the Deed of Debt Assignment to the satisfaction of the Company;
- (f) the Supplemental Transfer Agreement becoming unconditional in all respects; and
- (g) all the representations and warranties given by all the parties to the Deed of Debt Assignment remain true and correct.

None of the above conditions can be waived.

In the event that the Consideration is less than RMB50,000,000, even if all the conditions in the Deed of Debt Assignment have been fulfilled, the Deed of Debt Assignment shall lapse.

Completion:

Completion of the Deed of Debt Assignment shall take place within 30 business days after the satisfaction of all of the above conditions of the Deed of Debt Assignment or such later date as the parties may mutually agree.

Under the Deed of Debt Assignment, there is no recourse to the Company. At Completion, the following will take place simultaneously: (i) United Home shall settle the Assigned Debt with the Vendors in cash in RMB or an equivalent amount denominated in other currencies as agreed by the Vendors and United Home; (ii) the Vendors shall confirm with the other parties in writing that they have received the Assigned Debt; and (iii) the Company shall issue the Consideration Shares to United Home.

The Deed of Debt Assignment shall lapse if all the conditions in the Deed of Debt Assignment have not been fulfilled on or before 30 September 2007 or such later date as the parties may mutually agree.

INFORMATION ON THE VENDORS AND UNITED HOME

Shanghai SEEC is principally engaged in the business of investment consulting. Shanghai SEEC is owned as to 59% by Shenyang Lianya, 20% by Hainan Lianou and 21% by Kunshan Zhonglian. To the best of the Directors' knowledge, information and belief having made all reasonable enquiries, one of the joint venture party of Hainan Lianou is Beijing Liancheng I&C which owns 5% of the registered capital of Hainan Lianou. The entire registered capital of Beijing Liancheng I&C is owned as to 25% each by Messrs. Wang Boming, Zhang Zhifang, Dai Xiaojing and Ms Wang Li. Hainan Lianou is also a 56% beneficial owner of Kunshan Zhonglian. Save as aforesaid, Hainan Lianou and Kunshan Zhonglian 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 and 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.

Beijing Lianzheng is principally engaged in the business of investment consulting. 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 Ms Wang Li. To the best of the Directors' knowledge, information and belief having made all reasonable enquiries, Beijing Lianzheng and its ultimate beneficial owners (other than Messrs. Wang Boming, Zhang Zhifang and Dai Xiaojing) are third parties independent of the Company and Connected Persons of the Company.

As at the date of this announcement, United Home is beneficially in 677,843,824 Shares (of which 172,644,210 Shares, representing approximately 11.11% of the existing entire issued share capital of the Company, are held through its wholly-owned subsidiary Carlet Investments Ltd.), representing approximately 43.62% of the existing entire issued share capital of the Company. United Home is beneficially owned by 15 individuals in equal proportions, four of whom are Directors (namely, Messrs. Wang Boming, Zhang Zhifang, Dai Xiaojing, and Li Shijie). Accordingly, United Home is a Connected Person of the Company pursuant to the Listing Rules.

Accordingly, the Proposed Acquisition and the Proposed Debt Assignment constitute connected transactions for the Company under Chapter 14A of the Listing Rules.

As shown above, there are common beneficial owners both in United Home and each of the Vendors. All of the 15 individual shareholders of United Home (namely Wang Boming, Zhang Zhifang, Dai Xiaojing, Li Shijie, Wang Li, Sun Jianyi, Li Yi, Chu Xubo, Wangwei, Lei Jun, Liu Xiao, Song Guoqing, Xi Shuguang, Xu Gang and Yang Daming) are also beneficial owners of Shenyang Lianya. 8 of the individual shareholders of United Home (namely Wang Boming, Zhang Zhifang, Dai Xiaojing, Wang Li, Sun Jianyi, Li Yi, Chu Xubo and Wangwei) are also beneficial owners of Beijing Lianzheng.

INFORMATION ON THE ACQUIRED BUSINESS

The Acquired Business comprises the exclusive advertising agency business in respect of all the advertisements appearing in China Auto Pictorial carried on by Jingzheng Ronglian Advertising. China Auto Pictorial is one of the leading automobile magazines in the PRC. For the period ended 31 December 2005, the audited loss before taxation and loss after taxation of the Acquired Business prepared under the HKFRSs were both approximately RMB0.5 million (equivalent to approximately HK\$0.5 million). For the year ended 31 December 2006, the audited profit before taxation and profit after taxation of the Acquired Business prepared under the HKFRSs were both approximately RMB13.5 million (equivalent to approximately HK\$13.8 million). The improvement in the results of the Acquired Business was mainly due to increased and improved sales and marketing efforts and the increase in advertising volume and advertising fees. The audited net assets prepared under the HKFRSs of the Acquired Business as at 31 December 2006 was approximately RMB10.5 million (equivalent to approximately HK\$10.7 million). Based on the audited balance sheet of the Acquired Business as at 31 December 2006, the major assets and liabilities for the Acquired Business were trade and other receivables and other payables and accruals respectively.

Upon completion of the acquisition of Jingzheng Ronglian Advertising, it was accounted for as a subsidiary of the Company in 2006. Upon completion of the Proposed Acquisition, the investment in the Acquired Business will be reflected as sole agency exclusive rights in the advertising contract held by Jingzheng Ronglian Advertising and goodwill arising from consolidation in the consolidated accounts of the Group.

REASONS FOR THE PROPOSED ACQUISITION AND THE PROPOSED DEBT ASSIGNMENT

Jingzheng Ronglian Advertising is a company which carries on the advertising agency business in the PRC. According to the circular dated 15 September 2006, the Directors consider that the acquisition of Jingzheng Ronglian Advertising 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 Acquired Business comprises the exclusive advertising agency business in respect of all the advertisements appearing in China Auto Pictorial carried on by Jingzheng Ronglian Advertising. China Auto Pictorial is one of the leading automobile magazines in the PRC. In light of the growing automobile market in the PRC, the Directors are of the view that there is room for development for automobile advertising agency business in print media industry. According to The Society of Automotive Engineers of China, total sales volume of automobile increased by approximately 25.5% for the 11 months ended 30 November 2006 when compared to the corresponding period last year. The Directors believe that the Proposed Acquisition can improve the earning base through diversification of business and provide a new source of income to the Group. Therefore, the Directors (excluding the independent non-executive Directors) are of the view that the Proposed Acquisition is in the interests of the Company and the Shareholders as a whole.

The settlement of the Consideration partly by cash and partly by the issue of the Consideration Shares under the Deed of Debt Assignment are financing arrangements for the Group which the Directors (excluding the independent non-executive Directors) are of the view that such arrangement would preserve the cash resources for the Group as well as enhance the capital base of the Company. The Directors have considered other financing alternatives such as borrowings from banks or other third parties, however, this will incur additional borrowing costs to the Group.

The Vendors are two limited liability companies established under the laws of the PRC. As advised by the Directors, the Vendors are required to seek approvals from a numbers of relevant government authorities in the PRC before acquiring foreign listed company's shares. Such procedure would be complicated and time consuming and it is not certain how long it would take for such approvals to be obtained or whether such approval could be obtained. Under this circumstance and given that there are common beneficial owners both in United Home and each of the Vendors, the Directors (excluding the independent non-executive Directors) consider that the settlement of part of the Consideration through the Deed of Debt Assignment and the arrangement of issuing Shares to United Home instead of the Vendors will facilitate the Proposed Acquisition and such arrangement is in the interest of the Company.

SHAREHOLDING STRUCTURE OF THE COMPANY

Set out below is a table showing the shareholding structure of the Company (i) as at the date of this announcement and (ii) upon Completion:–

Shareholders	Existing number of Shares	Existing percentage of shareholding	(Assuming that the Whitewash Waiver is granted and no other Shares are to be issued between date of this announcement and Completion)	
			Number of Shares upon Completion	Percentage of shareholding upon Completion
United Home and its parties acting in concert (<i>Note 1</i>)	677,843,824	43.62%	845,843,824	49.12%
Arisaig Greater China Fund Limited (<i>Note 2</i>)	155,406,000	10.00%	155,406,000	9.03%
Public Shareholders	720,624,790	46.38%	720,624,790	41.85%
	<u>1,553,874,614</u>	<u>100.00%</u>	<u>1,721,874,614</u>	<u>100.00%</u>

Notes:

- (1) 172,644,210 Shares (representing approximately 11.11% of the existing entire issued share capital of the Company) are held by Carlet Investments Ltd. were indirectly owned by United Home by virtue of its 100% ownership in Carlet Investments Ltd. In addition to the 172,644,210 Shares held by Carlet Investments Ltd., 505,199,614 Shares (representing approximately 32.51% of existing entire issued share capital of the Company) were directly owned by United Home.
- (2) The 155,406,000 Shares held by Arisaig Greater China Fund Limited were indirectly owned by Arisaig Partners (Holdings) Limited by virtue of its 100% ownership in Arisaig Partners (BVI) Limited. Arisaig Partners (Mauritius) Limited is a direct wholly owned subsidiary in Arisaig Partners (BVI) Limited and the fund manager of Arisaig Greater China Fund Limited. Madeleine Ltd. is interested in the same 155,406,000 Shares through its 33.33% interests in Arisaig Partners (Holdings) Ltd. Madeleine Ltd. is beneficially owned by Mr. Cooper Lindsay William Ernst.

IMPLICATION OF THE PROPOSED ACQUISITION AND THE PROPOSED DEBT ASSIGNMENT UNDER THE LISTING RULES AND THE TAKEOVERS CODE

As discussed under the section headed "Information on the Vendors and United Home" above, one of the Vendors and United Home are Connected Persons of the Company under the Listing Rules. The Proposed Acquisition and the Proposed Debt Assignment therefore constitute connected transactions for the Company under the Listing Rules. In addition, reference is made to the circular dated 15 September 2006 of the Company in relation to the Previous Acquisition. Given that the Transfer Agreement, the Supplemental Transfer Agreement and the Deed of Debt Assignment involve (i) the same parties or with parties connected or otherwise associated with one another and (ii) the acquisition of Jingzheng Ronglian Advertising and part of its business (i.e. the Acquired Business), the Directors consider that it would be appropriate to aggregate the Previous Acquisition with the Proposed Acquisition and the Proposed Debt Assignment. As the Aggregated Percentage Ratios for the Previous Acquisition, the Proposed Acquisition and the Proposed Debt Assignment are more than 2.5% but less than 25%, the Previous Acquisition, the Proposed Acquisition and the Proposed Debt Assignment in aggregate constitute a discloseable transaction for the Company under the Listing Rules. The Proposed Acquisition, the Proposed Debt Assignment and the issue of the Consideration Shares are subject to the approval of the Independent

Shareholders by way of poll at the EGM where United Home and parties acting in concert with it (including the shareholders of United Home and the Directors), their respective associates and those Shareholders who are involved in, or interested in, the Previous Acquisition, the Proposed Acquisition, the Proposed Debt Assignment and the Whitewash Waiver will abstain from voting. As at the date of this announcement, other than United Home and its wholly-owned subsidiary Carlet Investments Ltd. who are Shareholders and involved in, or interested in, the Previous Acquisition, the Proposed Acquisition, the Proposed Debt Assignment and the Whitewash Waiver, the Company is not aware of any other Shareholders who are involved in, or interested in, such transactions and shall abstain from voting.

Upon Completion (assuming that no further Shares, other than the Consideration Shares, are issued by the Company between the date of this announcement and Completion), the beneficial shareholding interest of United Home and parties acting in concert with it in the Company will increase from approximately 43.62% to 49.12%. Accordingly, United Home will be obliged to make a mandatory general offer for all the issued Shares not already owned or agreed to be acquired by United Home and parties acting in concert with it under Rule 26.1 of the Takeovers Code, unless a Whitewash Waiver is obtained from the Executive.

United Home and parties acting in concert with it will make an application to the Executive for the Whitewash Waiver. The Whitewash Waiver, if granted, will be subject to, among others, the approval of the Independent Shareholders by way of poll at the EGM. United Home and parties acting in concert with it, their respective associates and those Shareholders who are involved in, or interested in, the Previous Acquisition, the Proposed Acquisition, the Proposed Debt Assignment and the Whitewash Waiver are required to abstain from voting at the EGM. Completion is subject to the satisfaction of a number of conditions precedent (including the obtaining of the Whitewash Waiver from the Executive) as detailed above.

The condition regarding the obtaining of the Whitewash Waiver will not be waived under the Deed of Debt Assignment. The Whitewash Waiver may or may not be granted by the Executive. If the Whitewash Waiver is not granted, both the Supplemental Transfer Agreement and the Deed of Debt Assignment shall lapse since the Supplemental Transfer Agreement shall lapse if all the conditions in the Deed of Debt Assignment have not been fulfilled. Shareholders and potential investors are advised to exercise caution when dealing in the Shares.

United Home has confirmed to the Company that it and parties acting in concert with it has not dealt in the securities of the Company within the 6-month period prior to the date of this announcement.

As at the date of this announcement:

- (a) save that United Home is beneficially interested in 677,843,824 Shares (of which 172,644,210 Shares, representing approximately 11.11% of the existing entire issued share capital of the Company, are held through its wholly-owned subsidiary Carlet Investments Ltd.), representing approximately 43.62% of the existing entire issued share capital of the Company, there is no holding of voting rights in the Company or rights over any Share which United Home owns or over which it has control or direction;
- (b) save as disclosed in paragraph (a) and (c) in this section, there is no holding of voting rights in the Company or rights over any Share which is owned or controlled or directed by any person acting in concert with United Home;
- (c) there is no existing holding of voting rights and rights over any Share in respect of which United Home or any person acting in concert with it has received an irrevocable commitment to vote for the Proposed Acquisition, Proposed Debt Assignment and the Whitewash Waiver;
- (d) Messrs. Wang Boming, Zhang Zhifang, Dai Xiaojing and Li Shijie holds 1,000,000, 1,000,000, 1,000,000, and 7,900,000 share options of the Company respectively. In the event that such share options are exercised, the holders shall abstain from voting;
- (e) there is no outstanding derivative in respect of securities in the Company entered into by United Home or any person acting in concert with it;
- (f) there is no arrangement (whether by way of option, indemnity or otherwise) in relation to shares of United Home or the Company and which might be material to the Proposed Acquisition, Proposed Debt Assignment and the Whitewash Waiver;
- (g) there is no agreement or arrangement to which United Home is a party which relates to the circumstances in which it may or may not invoke or seek to invoke a pre-condition or a condition to the Proposed Acquisition, the Proposed Debt Assignment and the Whitewash Waiver and the consequences of its doing so, including details of any break fees as a result.

GENERAL

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.

First Shanghai Capital Limited has been appointed as the financial adviser to the Company.

The Independent Board Committee has been formed to advise the Independent Shareholders on the terms of the Supplemental Transfer Agreement, the Deed of Debt Assignment and the Whitewash Waiver. Partners Capital International Limited has been appointed to advise the Independent Board Committee in this regard. The appointment of Partners Capital International Limited as the independent financial adviser has been approved by the Independent Board Committee. The Independent Board Committee will rely on the recommendations of the independent financial adviser to make their recommendations to the Independent Shareholders.

A circular containing, amongst other things, details of the Proposed Acquisition, the Proposed Debt Assignment and the Whitewash Waiver, the recommendation of the Independent Board Committee and the letter of advice from the independent financial adviser in respect thereof, and a notice convening the EGM, will be sent to the Shareholders as soon as practicable but in any event in accordance with the Takeovers Code and the Listing Rules.

The Directors (excluding the independent non-executive Directors) consider that the terms of the Supplemental Transfer Agreement and the Deed of Debt Assignment (including the issue of the Consideration Shares) are based on normal commercial terms and are fair and reasonable and the Proposed Acquisition and the Proposed Debt Assignment (including the issue of the Consideration Shares) are in the interests of the Company and the Shareholders as a whole. The view of independent non-executive Directors will be included in the circular following consultation with the independent financial adviser.

SUSPENSION AND RESUMPTION OF TRADING

At the request of the Company pending the release of this announcement, trading in the Shares was suspended with effect from 9:30 a.m. on 11 June 2007. An application has been made by the Company to the Stock Exchange for the resumption of trading in the Shares with effect from 9:30 a.m. on 25 June 2007.

DEFINITIONS

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

“Acquired Business”	comprises the exclusive advertising agency business in respect of all the advertisements appeared in China Auto Pictorial (中國汽車畫報) for a period of 20 years until 11 May 2025 carried on by Jingzheng Ronglian Advertising
“Aggregated Percentage Ratios”	the Percentage Ratios calculated for the aggregation of the Previous Acquisition, the Proposed Acquisition and the Proposed Debt Assignment
“Assigned Debt”	the remaining balance between the Consideration and RMB50,000,000 for the Proposed Acquisition pursuant to the Supplemental Transfer Agreement, which the Purchasers agreed to assign to United Home under the Deed of Debt Assignment
“Associate(s)”	has the meaning ascribed to it in the Listing Rules
“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 is owned as to 70% by 海南財訊信息傳播有限公司 (Hainan Caixun Informedia Co., Ltd. *) and as to 30% by北京財訊世紀信息科技有限公司 (Beijing Caixun Century InfoTech Co., Ltd.*), both are wholly owned by Superfort Management Corp. which is a wholly-owned subsidiary of the Company
“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
“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

“Board”	the board of Directors
“business day”	a day (excluding Saturday) on which banks are generally open for businesses in the PRC
“Company”	SEEC Media Group Limited, a company incorporated under the laws of the Cayman Islands with limited liability, and the Shares of which are listed on the Main Board of the Stock Exchange
“Completion”	completion of the transactions contemplated under the Supplemental Transfer Agreement and the Deed of Debt Assignment
“Connected Person(s)”	has the meaning ascribed thereto under the Listing Rules
“Consideration”	the consideration payable under the Supplemental Transfer Agreement which is equivalent to 9 times of the audited profit before taxation of the Acquired Business for the financial year ended 31 December 2006 prepared in accordance with HKFRSs, but in any event shall not exceed RMB111,765,000 (equivalent to approximately HK\$114,000,000). The audited profit before taxation of the Acquired Business for the year ended 31 December 2006 was RMB13,531,634 (equivalent to approximately HK\$13,802,000). As 9 times of such audited profit before taxation exceeds RMB111,765,000, the Consideration was therefore fixed at RMB111,765,000 (equivalent to approximately HK\$114,000,000)
“Consideration Shares”	the new Shares to be allotted and issued by the Company to United Home as consideration for the Assigned Debt under the Deed of Debt Assignment
“Deed of Debt Assignment”	the deed of debt assignment dated 22 June 2007 entered into between the Purchasers, the Vendors, United Home and the Company
“Directors”	the directors of the Company
“EGM”	an extraordinary general meeting of the Company to be convened for, among other things, considering, and if thought fit, approving the Supplemental Transfer Agreement, the Deed of Debt Assignment and the Whitewash Waiver
“Executive”	the Executive Director of the Corporate Finance Division of the SFC from time to time and any delegate of such Executive Director
“Group”	the Company and its subsidiaries
“Hainan Lianou”	海南聯歐投資管理有限公司 (Hainan Lianou Investment Management Company Limited*), a Sino-foreign equity joint venture enterprise established under the laws of the PRC
“HKFRSs”	Hong Kong Financial Reporting Standards issued by the Hong Kong Institute of Certified Public Accountants
“Hong Kong”	the Hong Kong Special Administrative Region of the People’s Republic of China
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong
“Independent Board Committee”	the independent board committee of the Company comprising all independent non-executive Directors, namely Mr. Fu Fengxiang, Mr. Wang Xiangfei, Mr. Ding Yu Cheng and Mr. Zhang Ke
“Independent Shareholders”	Shareholders who are not involved in or interested in the Proposed Acquisition, the Proposed Debt Assignment and the Whitewash Waiver, being shareholders other than United Home and parties acting in concert with it and their respective associates
“Issue Price”	the higher of (i) the average closing price per Share as quoted on the Stock Exchange for the last 30 consecutive trading days immediately prior to and including the date of the Deed of Debt Assignment; or (ii) HK\$0.35

“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
“Kunshan Zhonglian”	昆山中聯綜合開發公司 (Kunshan Zhonglian Comprehensive Development Company*), a domestic limited liability company established under the laws of the PRC
“Last Trading Day”	8 June 2007, being the last day on which the Shares were traded on the Stock Exchange prior to the release of this announcement
“Listing Rules”	The Rules Governing the Listing of Securities on the Stock Exchange
“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 purpose of this announcement
“Previous Acquisition”	the acquisition of the entire registered capital in Jingzheng Ronglian Advertising contemplated under the Transfer Agreement
“Proposed Acquisition”	the proposed acquisition of the Acquired Business under the Supplemental Transfer Agreement
“Proposed Debt Assignment”	the proposed assignment of the Assigned Debt under the Deed of Debt Assignment
“Purchasers”	Shenzhen Caixun and Beijing Caixun
“RMB”	Renminbi yuan, the lawful currency of the PRC
“SFC”	the Securities and Futures Commission of Hong Kong
“Shanghai SEEC”	上海聯辦投資發展有限公司 (Shanghai SEEC Investment and Development Company Limited*), a domestic limited liability company established under the laws of the PRC
“Share(s)”	ordinary share(s) of HK\$0.10 in the capital of the Company
“Shareholder(s)”	holder(s) of the 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 is owned as to 70% by 海南財訊信息傳播有限公司 (Hainan Caixun Informedia Co., Ltd.*) and as to 30% by 北京財訊世紀信息科技有限公司 (Beijing Caixun Century InfoTech Co., Ltd.*), both are wholly owned by Superfort Management Corp. which is a wholly-owned subsidiary of the Company
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Supplemental Transfer Agreement”	the supplemental agreement dated 21 June 2007 to the Transfer Agreement entered into between the Purchasers and the Vendors
“Takeovers Code”	The Hong Kong Code on Takeovers and Mergers
“Transfer Agreement”	the registered capital transfer agreement dated 6 September 2006 entered into between the Purchasers and the Vendors

“United Home”	United Home Limited, a company incorporated in the British Virgin Islands with limited liability, which is a substantial shareholder of the Company holding approximately 43.62% of the existing entire issued share capital of the Company and is beneficially owned by 15 individuals in equal proportions, four of whom are Directors (namely Wang Boming, Zhang Zhifang, Dai Xiaojing and Li Shijie). The remaining shareholders are Li Yi, Sun Jianyi, Chu Xubo, Wang Wei, Lei Jun, Liu Xiao, Xi Shuguang, Song Guoqing, Wang Li, Yang Daming and Xu Gang.
“Vendors”	Shanghai SEEC and Beijing Lianzheng
“Whitewash Waiver”	the waiver of the obligation of United Home and parties acting in concert with it to make a mandatory general offer arising from the issue of the Consideration Shares under the Deed of Debt Assignment in accordance with Note 1 on Dispensations from Rule 26 of the Takeovers Code
“%”	per cent.

Unless otherwise defined, an exchange rate of RMB1 = HK\$1.02 is adopted in this announcement, for illustration purposes only and this does not constitute representation that any amount have been, could have been or may be exchanged.

By order of the Board
SEEC Media Group Limited
Wang Boming
Chairman

Hong Kong, 22 June 2007

As at the date of this announcement, the executive Directors are Mr. Wang Boming, 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. Ding Yu Cheng and Mr. Zhang Ke.

The Directors jointly and severally accept full responsibility for the accuracy of the information contained in this announcement and confirm having made all reasonable enquiries, that to the best of their knowledge, opinions expressed in this announcement have been arrived at after due and careful consideration and there are no other facts not contained in this announcement, the omission of which would make any statement in this announcement misleading.

* *For identification purposes only*

Please also refer to the published version of this announcement in The Standard.