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## **SEEC MEDIA GROUP LIMITED**

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

(Stock Code: 205)

### **PROPOSED ISSUE OF US\$12,000,000 3% CONVERTIBLE BONDS DUE 2011 AND REDEMPTION AND CANCELLATION OF US\$10,000,000 2% CONVERTIBLE BONDS DUE 2011 ISSUED ON 18 MAY 2006**

Reference is made to the announcement of the Company dated 25 April 2006 in respect of the 2006 Bond.

The Directors are pleased to announce that on 4 March 2009, the Company entered into the Supplemental Deed with Templeton pursuant to which the Company has agreed with Templeton to amend and supplement certain terms and conditions contained in the Bond Instrument with which the 2006 Bond was issued.

Pursuant to the Supplemental Deed, Templeton shall on the date the Supplemental Deed becomes effective surrender, to the Company and the Company shall cancel, the 2006 Bond (and treat its outstanding principal amount as fully redeemed in accordance with the terms provided in the Bond Instrument) in substitution for which the Company shall issue the 2008 Bond in the aggregate amount of US\$12,000,000 to Templeton. The 2008 Bond shall be convertible into Conversion Shares at an initial Conversion Price of HK\$0.422 per Share, subject to adjustment. The maximum number of Conversion Shares which may be issued upon full conversion of the 2008 Bond is 221,800,947 Shares, representing approximately 12.75% of the existing issued Shares and 11.31% of the issued Shares as enlarged by the full conversion of the 2008 Bond.

The Conversion Shares will be issued under the General Mandate. The Company will make an application to the Listing Committee of the Stock Exchange for the listing of, and permission to deal in, the Conversion Shares. The 2008 Bond will not be listed on the Stock Exchange.

Reference is made to the announcement of the Company dated 25 April 2006 in respect of the 2006 Bond.

## **SUPPLEMENTAL DEED DATED 4 MARCH 2009**

### **Parties**

The Company; and

Templeton

### **Effective Date**

The Supplemental Deed takes effect as from 31 December 2008 subject to the Listing Committee of the Stock Exchange having granted the listing of, and permission to deal in, the Conversion Shares. In the event that this condition shall not have been fulfilled before 31 May 2009, then (a) the Company and Templeton shall not be bound to proceed with the transactions contemplated under the Supplemental Deed; and (b) the Supplemental Deed shall cease to have any effect.

### **Surrender of the 2006 Bond and Issue of the 2008 Bond**

After execution of the Supplemental Deed and subject to the Listing Committee of the Stock Exchange having granted the listing of, and permission to deal in, the Conversion Shares, Templeton would surrender to the Company, and the Company would cancel, the 2006 Bond (and treat its outstanding principal amount as fully redeemed in accordance with the terms set out in the Bond Instrument) in substitution for which the Company issued the 2008 Bond in the aggregate amount of US\$12,000,000 to Templeton.

### **PRINCIPAL TERMS OF THE 2008 BOND**

Issuer	:	The Company
Principal Amount	:	US\$12,000,000
Maturity Date	:	18 May 2011
Interest	:	The 2008 Bond bears interest from 31 December 2008 at the rate of 3% per annum of the principal amount of the 2008 Bond. Interest is payable annually in arrears on 31 December each year with the first payment commencing on 31 December 2009. Further, default interest at the rate of 1% per annum above the Hong Kong Interbank Offer Rate is payable if the Company fails to pay any sum in respect of the 2008 Bond when the same becomes due and payable.
Conversion	:	Templeton will have the right to convert all or some of the 2008 Bond into Shares at any time during the period beginning on and after 31 December 2008 up to the close of business on 4 May 2011.

Conversion Price : The initial price per Share at which the 2008 Bond may be converted into Shares will be HK\$0.422. The Conversion Price of HK\$0.422 was at 101% premium and 104% premium respectively as compared with the closing price of the Shares as at 4 March 2009 of HK\$0.21 and the average closing price in the five trading days immediately before and included 4 March 2009 of HK\$0.2068. The Conversion Price is subject to adjustment for any, consolidation or, subdivision of the Shares, capitalisation of profits or reserves, or, capital distributions, by the Company and other dilutive events of similar nature.

Maximum Issue Amount : Conversion Shares up to the Maximum Issue Amount will be issued and allotted by the Company pursuant to the General Mandate. The Company may (but not obliged to), in the future, seek authorisation from the Shareholders to extend its authorisation to issue Shares. Under the terms of the 2008 Bond, the Company shall only be obliged to issue Shares upon conversion of the 2008 Bond up to the Maximum Issue Amount. If at any time the number of Shares required to be issued by the Company on the conversion of the 2008 Bond exceeds the Maximum Issue Amount, the Company is obliged only to deliver Shares on conversion of the 2008 Bond up to the Maximum Issue Amount and shall redeem the balance of the 2008 Bond and pay to the relevant Bondholder an amount equalling the product of (a) the difference between the number of Shares required to be issued on conversion of the 2008 Bond and the number of Shares which the Company can deliver up to the Maximum Issue Amount, and (b) VWAP of the Shares for the 5 Trading Days immediately preceding the date of on which notice is given by such Bondholder to the Company for the conversion of the 2008 Bond.

Redemption at Maturity : The Company shall redeem the outstanding principal amount of the 2008 Bond on the Maturity Date.

Redemption at the Option of the Company : The Company may, at any time having given not less than 30 Business Days' notice and not more than 60 Business days' notice (the "Early Redemption Notice") to Templeton, redeem all or some of the 2008 Bond before the Maturity Date in accordance with the following formula:

$$X = Y \times (1 - R \times T/D) + C$$

Where

X = Early Redemption Amount

Y = Outstanding principal amount of the 2008 Bond

R = Discount for early redemption which is 11.5%

T = Number of days from the Early Redemption Date till  
Maturity Date

D = Number of days from the issue date till Maturity Date,  
being 858 days

C = any interest accrued but not yet paid from the last interest  
payment date till the Early Redemption Date.

In respect of each Early Redemption Notice, Templeton shall have the right to opt to convert all or some only of the 2008 Bond at the Conversion Price (instead of accepting the payment of all or part of the Early Redemption Amount).

Right of First Offer  
and Redemption

: Under the terms of the 2008 Bond, Templeton has a First Offer Right. Should the Company propose any Share Offering during the period between 31 December 2008 and ending on the 10th Business Day before the Maturity Date, subject to the approval of the Shareholders in respect of any such proposed Share Offering if so required under the Listing Rules, Templeton will be notified by the Company by way of a Share Offering Notice setting out the details of the proposed Share Offering and Templeton's First Offer Right. Such First Right Offer gives Templeton the option (but no obligation), either, (a) to require the Company to redeem the 2008 Bond and to apply such redemption monies to purchase the securities to be issued in such Share Offering on the terms of the Share Offering, or (b) to pay cash to purchase such securities.

If the number of securities which Templeton wishes to purchase under the relevant Share Offering shall amount to 75% or more of the total number of securities available under that Share Offering, Templeton must then purchase all (and not only some) of the securities available under that Share Offering.

If Templeton does not elect to take up the Share Offering in full, the Company may within 45 Business Days of the earlier of the date of Templeton's notification, or the expiry of the 10-day period after the date of the Share Offering Notice, sell the securities in the Share Offering that Templeton did not agree to purchase to any third parties, on terms and conditions which are no more favourable than those specified in the Share Offering Notice.

The Directors shall take appropriate steps (including but not limited to seeking the approval of the Shareholders if so required under the Listing Rules) to ensure that the provisions of the Listing Rules shall be observed by the Company if and when the Company proposes any Share Offering, and/or any securities were to be issued and/or allotted to Templeton exercising its First Right Offer, or to third parties as a result of Templeton not electing to take up the Share Offering in full.

In cases where the Company has already exercised its right to redeem the 2008 Bond (the “Redeemed Bondholder(s)”), the Redeemed Bondholders shall, following such redemption, continue to enjoy the First Offer Right in respect of such 2008 Bond which has been so redeemed (i.e. the amount of the 2008 Bond which has been redeemed) as if such 2008 Bond has not been redeemed – in respect of Share Offerings where the issue price per Share in respect of the relevant Share Offering is lower than the Conversion Price then in effect – and purchase some or all of the securities subject of the relevant Share Offering in cash, in accordance with the term of the 2008 Bond.

In the event that there is more than one Bondholder and/or Redeemed Bondholder who wish to exercise their First Offer Right to participate in a Share Offering and the Share Offering is not sufficient to satisfy the participation of all Bondholders and/or Redeemed Bondholders in full, the Company shall give priority to effect to the participation of the Bondholders (and among the Bondholders pro-rata to their respective holdings of outstanding 2008 Bond) and thereafter pro-rata to the Redeemed Bondholders, in accordance with the terms of the 2008 Bond.

Redemption for  
Taxation Reasons

: At any time the Company may, having given not less than 30 nor more than 60 days’ notice to Templeton redeem all, and not some only, of the 2008 Bond at a redemption price equal to the Early Redemption Amount if (a) the Company will become obliged to pay additional amounts as a result of any change in the laws or regulations of the Cayman Islands and/or Hong Kong having power to tax, or any change in the general application or official interpretation of such laws or regulations, which change or amendment becomes effective on or after 31 December 2008, and (b) such obligation cannot be avoided by the Company taking reasonable measures available to it, provided that no such notice of redemption shall be given earlier than 90 days prior to the earliest date on which the Company would be obliged to pay such additional amounts were a payment in respect of the 2008 Bond then due.

- Redemption for Delisting or Change of Control or Merger : Templeton will have the right, to require the Company to redeem all or only some of the 2008 Bond on the 14th day after the expiry of such period of 60 days at its Early Redemption Amount together with accrued interest to but excluding the redemption date upon (a) the Shares ceasing to be listed or admitted to trading on the Main Board of the Stock Exchange or any other principal stock exchange; or (b) the occurrence of a Change of Control; or (c) the occurrence of a Merger.
- Ranking of the 2008 Bond : The 2008 Bond constitutes direct, unsubordinated, unconditional and (subject to the terms and conditions of the 2008 Bond) unsecured obligations of the Company and shall at all times rank pari passu and without any preference or priority among themselves. The payment obligations of the Company under the 2008 Bond shall, save for such exceptions as may be provided by applicable legislation and subject to the terms and conditions of the 2008 Bond, at all times rank at least equally with all of its other present and future unsecured and unsubordinated obligations.
- Ranking of the Conversion Shares : The Conversion Shares will rank, pari passu in all respects among themselves and with all other Shares in issue on the date of conversion.
- Listing : The Company will make an application to the Listing Committee of the Stock Exchange for the listing of, and permission to deal in, the Conversion Shares.
- Transferability : The 2008 Bond are transferable without restrictions, subject to the terms of the 2008 Bond.
- Voting Rights : Templeton shall not be entitled to attend or vote at any meetings of the Company (except for the meetings of the Bondholders) by reason only of it being the Boldholders.

## **INFORMATION ON TEMPLETON**

Templeton is incorporated in the Cayman Islands with limited liability and is principally engaged in the business of investment funds. To the best of the Directors' knowledge, information and belief having made all reasonable enquiries, Templeton and its ultimate beneficial owners are third parties independent of and not connected with the Company and Connected Persons of the Company.

## **REASONS FOR THE PROPOSED ISSUE OF THE 2008 BOND AND REDEMPTION OF THE 2006 BOND**

In view of the substantial decrease in market interest rate over the years, the Directors consider that it is appropriate to enter into the Refinancing as the 2008 Bond has a lower effective yield than the 2006 Bond. The Directors expect that the Company can save future interest expense as a result of the Refinancing. The Directors also consider that it is more advantageous for the Company to enter into the Refinancing as the maximum potential dilution effect as a result of the full conversion of the 2008 Bond will be smaller than that under the 2006 Bond. The principal amount of US\$12,000,000 of the 2008 Bond is approximately equal to the yield to redemption amount calculated as at 31 December 2008 under the terms of the 2006 Bond. There is no cash advance from Templeton nor cash payment from the Company as a result of the Refinancing.

The terms of the Supplemental Deed were agreed between the Company and Templeton after arm's length negotiations. The Directors (including the independent non-executive Directors) consider that the Supplemental Deed was entered into on normal commercial terms and the terms of the Supplemental Deed are fair and reasonable and the entering into of the Supplemental Deed was in the interests of the Company and the Shareholders as a whole.

The Company did not conduct any fund raising activities in the past 12 months.

## **SHAREHOLDING STRUCTURE OF THE COMPANY**

The maximum number of Conversion Shares which may be issued upon full conversion of the 2008 Bond is 221,800,947 Shares, representing approximately 12.75% of the existing entire issued Shares and 11.31% of the issued Shares as enlarged by the full conversion of the 2008 Bond.



The following table summarizes the shareholding structure of the Company as at the date of this announcement and after full conversion of the 2008 Bond on the assumption that the subscription rights attaching to the outstanding options granted under the Share Option Scheme, have not been exercised. As at the date of this announcement, there are 65,300,000 outstanding share options, granted by the Company to five Directors (namely Messrs. Wang Boming, Zhang Zhifang, Dai Xiaojing, Li Shijie and Ms. Wu Chuan Hui Daphne) and 87 employees of the Group. Out of such share options, 17,600,000 share options were granted to the said five Directors and upon the exercise of the said 65,300,000 share options, 65,300,000 Shares will be issued.

Name of Shareholder	As at the date of this announcement		Immediately after full conversion of the 2008 Bond		Immediately after full conversion of the 2008 Bond and exercise of the 2006 Warrant	
	Number of Shares	%	Number of Shares	%	Number of Shares	%
United Home and the parties acting in concert with it	845,843,824 (Note 1)	48.62	845,843,824	43.12	845,843,824	41.44
Public Shareholders	893,721,348	51.38	893,721,348	45.57	893,721,348	43.78
Templeton as holder of the 2006 Warrant (Note 2)	-	-	-	-	79,947,000	3.92
Templeton as holder of the 2008 Bond	-	-	221,800,947	11.31	221,800,947	10.86
<b>Total</b>	<u>1,739,565,172</u>	<u>100.00</u>	<u>1,961,366,119</u>	<u>100.00</u>	<u>2,041,313,119</u>	<u>100.00</u>

*Note 1:* 172,644,210 Shares (representing approximately 9.92% of the entire issued Shares as at the date of this announcement) 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., 673,199,614 Shares (representing approximately 38.70% of the entire issued Shares as at the date of this announcement) were directly owned by United Home.

*Note 2:* On 19 May 2006, the Company issued to Templeton the nil-paid warrant carrying rights to subscribe for up to 79,947,000 Shares. As at the date of this announcement, Templeton has not exercised its right under such warrant.



## GENERAL INFORMATION

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.

The Conversion Shares will be allotted and issued pursuant to the General Mandate. The General Mandate has not been used since the date of grant.

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 Ms. Wu Chuan Hui Daphne. The independent non-executive Directors are Mr. Fu Fengxiang, Mr. Wang Xiangfei, Mr. Ding Yu Cheng and Mr. Zhang Ke.

## DEFINITIONS

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

“Alternative Stock Exchange”	at any time, in the case of the Shares, if they are not at that time listed and traded on the Stock Exchange, the principal stock exchange or securities market on which the Shares are then listed or quoted or dealt in
“Board”	the board of Directors
“Bondholder(s)”	holder(s) of the 2008 Bond from time to time
“Bond Instrument”	the Bond Instrument dated 18 May 2006 executed by the Company by way of deed setting out the terms and conditions of the 2006 Bond, or the 2008 Bond, as the case may be
“Business Day”	a day (other than a Saturday or Sunday) on which banks are open for business in Hong Kong

“Change of Control”	occurs when, (a) any Person or Persons acting together acquires Control of the Company if such Person or Persons does not or do not have, and would not be deemed to have, Control of the Company on 31 December 2008; (b) the Company consolidates with or merges into or sells or transfers all or substantially all of the Company’s assets to any other Person, unless the consolidation, merger, sale or transfer will not result in the other Person or Persons acquiring Control over the Company or the successor entity; or (c) one or more Persons (other than any Person referred to in paragraph (a) of this definition) acquires the legal or beneficial ownership of all or substantially all of the Company’s issued share capital. For the purposes of this definition, “Control” shall mean the right to appoint and/or remove all or the majority of the members of the Company’s board of directors or other governing body, whether obtained directly or indirectly, and whether obtained by ownership of share capital, the possession of voting rights, contract or otherwise
“Company”	SEEC Media Group Limited, a company incorporated under the laws of the Cayman Islands with limited liability
“Connected Person(s)”	has the meaning given to it under the Listing Rules
“Conversion Price”	the price per Share at which the 2008 Bond may be convert into Shares
“Conversion Rights”	the rights attached to the 2008 Bond to convert the principal amount or a part thereof into the Conversion Share(s)
“Conversion Share(s)”	the Share(s) to be allotted and issued upon conversion of the 2008 Bond, subject to the terms of the 2008 Bond
“Director(s)”	the director(s) of the Company
“Early Redemption Amount”	the redemption amount calculated in accordance with the formula, the details of which are set out in the sub-section headed “Redemption at the Option of the Company” of the section headed “Principal Terms of the 2008 Bonds” of this announcement
“Early Redemption Date”	the date on which the redemption is fixed to take place as stated in the Early Redemption Notice
“Early Redemption Notice”	has the meaning given to it under the sub-section headed “Redemption at the Option of the Company” of the section headed “Principal Terms of the 2008 Bonds” of this announcement

“First Offer Right”	the right of Templeton to (a) require the Company to redeem up to its principal amount of the 2008 Bond then outstanding and to apply the sum payable on redemption to purchase the securities to be issued in such Share Offering on the terms of the Share Offering, or (b) pay for the Share Offerings in cash, subject to the terms of the 2008 Bond, as described under the heading “Right of First Offer and Redemption” of this announcement
“General Mandate”	the general mandate granted to the Directors at the annual general meeting of the Company held on 28 April 2008 to allot and issue a total number of 345,094,922 Shares
“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
“Listing Rules”	the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited
“Maturity Date”	18 May 2011
“Merger”	the consummation of a merger, consolidation, amalgamation or transfer of the assets of the Company substantially as an entirety to any corporation or the conveyance or transfer of the Company’s properties and assets substantially as an entirety to any person
“Person”	includes any individual, company, corporation, firm, partnership, joint venture, undertaking, association, organisation, trust, state or agency of a state (in each case whether or not being a separate legal entity) but does not include the Directors or any other governing board of the Company and does not include the Company’s wholly-owned direct or indirect subsidiaries
“PRC”	the People’s Republic of China which excludes Hong Kong for the purposes of this announcement
“Redeemed Bondholder(s)”	has the meaning given to it under the sub-section headed “Right of First Offer and Redemption” of the section headed “Principal Terms of the 2008 Bonds” of this announcement

“Refinancing”	the proposed redemption and cancellation of the 2006 Bond and issue of the 2008 Bond
“Share”	ordinary share of HK\$0.10 in the capital of the Company
“Shareholders”	shareholders of the Company
“Share Offering”	any contract to be entered into by the Company with any party, as permitted by and subject to the provisions of the Listing Rules, for or offer to issue and allot any equity securities of the Company (for the avoidance of doubt, excluding any bonus issues or capitalisation issues) or securities convertible into or exchangeable or exercisable for equity securities of the Company (including debt securities with an equity component) in any form but excluding (a) any issue of Shares to be made at an issue price equal to or greater than the Conversion Price then in effect; (b) any transaction involving the Company’s issuance of securities (i) as consideration in a merger or consolidation, (ii) in connection with any strategic partnership or joint venture; (c) the issuance of securities upon exercise or conversion of the 2008 Bond or exercise of the Warrant; and (d) the grant of additional options or the issuance of additional securities under the Share Option Scheme. Accordingly, in the event that the Company proposes to effect any Share Offering, it is required to either seek Shareholders’ approval in respect of the Share Offering or to seek Templeton’s waiver of its First Offer Right
“Share Offering Notice”	written notice to be given by the Company to the Bondholder(s) setting out details of a proposed Share Offering and terms and conditions thereof and description of the securities to be issued, subject to the terms of the 2008 Bond
“Share Option Scheme”	the share option scheme of the Company approved and adopted by the Shareholders on 26 August 2002
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Supplemental Deed”	the conditional supplemental deed to the Bond Instrument dated 4 March 2009 (effective as from 31 December 2008) between the Company and Templeton amending and supplementing certain terms and conditions of the Bond Instrument
“Templeton”	Templeton Strategic Emerging Markets Fund II, LDC, represented by its investment manager, Templeton Asset Management Ltd

“Trading Days”	a day on which the Stock Exchange is open for dealing business, provided that if no closing price is reported in respect of the relevant Shares on the Stock Exchange (or as the case may be the Alternative Stock Exchange) for one or more consecutive dealing days, such day(s) will be disregarded in any relevant calculation and shall be deemed not have existed when ascertaining any period of dealing days
“United Home”	United Home Limited, a company incorporated in the British Virgin Islands with limited liability, the entire issued share capital of which 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)
“US\$”	United States dollars, the lawful currency of the United States of America
“VWAP”	the volume weighted average price of the Shares on or derived from Bloomberg screen “TSM” or if such source is not available such other comparable source as shall be determined appropriate by the Company
“2006 Bond”	a redeemable convertible bond issued by the Company to Templeton on 18 May 2006 pursuant to the Bond Instrument, details of which were set out in the announcement of the Company dated 25 April 2006
“2006 Warrant”	a nil-paid warrant issued by the Company to Templeton on 19 May 2006, details of which were set out in the announcement of the Company dated 25 April 2006
“2008 Bond”	the redeemable convertible bond in the aggregate principal amount of US\$12,000,000 to be issued by the Company to Templeton under the Supplemental Deed
“%”	per cent

*For the purposes of this announcement, unless otherwise indicated, the exchange rate at HK\$7.80 = US\$1.00 has been used, where applicable, for purpose of illustration only and do not constitute a representation that any amount has been, could have been or may be exchanged.*

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

Hong Kong, 4 March 2009