
THIS CIRCULAR IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION

If you are in any doubt as to any aspect of this Circular or as to the action to be taken, you should consult your licensed securities dealer, bank manager, solicitor, professional accountant or other professional adviser.

If you have sold or transferred all your securities in SEEC Media Group Limited, you should at once hand this Circular with the accompanying form of proxy to the purchaser or the transferee or to the bank, licensed securities dealer or other agent through whom the sale or transfer was effected for transmission to the purchaser or the transferee. This Circular appears for information only and does not constitute an invitation or offer to acquire, purchase or subscribe for the securities of the Company.

Hong Kong Exchanges and Clearing Limited and The Stock Exchange of Hong Kong Limited take no responsibility for the contents of this Circular, make no representation as to its accuracy or completeness and expressly disclaim any liability whatsoever for any loss howsoever arising from or in reliance upon the whole or any part of the contents of this Circular.



SEEC MEDIA GROUP LIMITED

(Incorporated in the Cayman Islands and continued in Bermuda with limited liability)

(Stock Code: 205)

**(I) PROPOSED OPEN OFFER ON THE BASIS OF
FIVE (5) OFFER SHARES FOR
EVERY ONE (1) NEW SHARE HELD ON THE RECORD DATE
AT THE SUBSCRIPTION PRICE OF HK\$0.10 PER OFFER SHARE;
(II) PROPOSED INCREASE IN AUTHORISED SHARE CAPITAL; AND
(III) NOTICE OF SPECIAL GENERAL MEETING**

Financial Adviser to the Company

Opus Capital Limited
創富融資有限公司

**Independent Financial Adviser to the Independent Board Committee
and the Independent Shareholders**

Hercules
Hercules Capital Limited

Underwriter of the Open Offer



BLACK MARBLE

Capitalised terms used in this cover page shall have the same meanings as defined in this Circular.

A letter from the Board is set out on pages 13 to 37 of this circular. The recommendation of the Independent Board Committee to the Independent Shareholders is set out on pages 38 to 39 of this Circular. A letter of advice from the Independent Financial Adviser to the Independent Board Committee and the Independent Shareholders is set out on pages 40 to 71 of this Circular.

A notice convening the SGM to be held at Room 806, 8/F, Nan Fung Tower, 173 Des Voeux Road Central, Hong Kong at 11:00 a.m. on Friday, 20 November 2015 is set out on pages SGM-1 to SGM-4 of this Circular. A form of proxy for use at the SGM is enclosed.

Whether or not you intend to attend the SGM, you are requested to complete the accompanying form of proxy in accordance with the instructions printed thereon and return the same to the Registrar at Level 22, Hopewell Centre, 183 Queen's Road East, Hong Kong as soon as possible but in any event not less than 48 hours before the time appointed for the holding of the SGM or any adjournment thereof. Completion and return of the form of proxy shall not preclude you from attending and voting in person at the SGM or any adjournment thereof should you so desire and in such event, the instrument appointing a proxy previously submitted shall be deemed to be revoked.

The Open Offer is subject to the satisfaction of certain conditions as described under the section headed "Conditions of the Open Offer". In particular, it is subject to the Underwriter not terminating the Underwriting Agreement and the Supplemental Underwriting Agreement (see the section headed "Termination of the Underwriting Agreement" on page 12 of this Circular) on or before the Latest Time for Termination. Accordingly, the Open Offer may or may not become unconditional and may or may not proceed. Shareholders and potential investors are advised to exercise caution when dealing in the Shares up to the date when the conditions of the Open Offer are fulfilled.

4 November 2015

CONTENTS

	<i>Page</i>
Expected Timetable	1
Definitions	4
Termination of the Underwriting Agreement	12
Letter from the Board	13
Letter from the Independent Board Committee	38
Letter from Hercules Capital	40
Appendix I – Financial Information of the Group	I-1
Appendix II – Unaudited Pro Forma Financial Information of the Group	II-1
Appendix III – General Information	III-1
Notice of SGM	SGM-1

EXPECTED TIMETABLE

The expected timetable for the Open Offer and the Increase in Authorised Share Capital set out below is indicative only:

Event **(Hong Kong time)**

The following event is in relation to the Capital Reorganisation as stated in the Change of Domicile Circular:

Expected effective date of the Capital Reorganisation Monday, 16 November 2015

The following events are in relation to the Open Offer and the Increase in Authorised Share Capital:

Latest time for lodging form of proxy for the SGM
(not less than 48 hours prior to time of the SGM) 11:00 a.m. on Wednesday,
18 November 2015

Date and time of the SGM 11:00 a.m. on Friday,
20 November 2015

Announcement of the results of the SGM Friday, 20 November 2015

Last day of dealing in Shares on a cum-entitlement basis Monday, 23 November 2015

First day of dealing in Shares on an ex-entitlement basis Tuesday, 24 November 2015

Latest time for lodging transfer documents of Shares in
order to be qualified for the Open Offer 4:30 p.m. on Wednesday,
25 November 2015

Register of members of the Company closes
(both dates inclusive) Thursday, 26 November 2015 to
Wednesday, 2 December 2015

Record Date for the Open Offer Wednesday, 2 December 2015

Register of members of the Company re-opens Thursday, 3 December 2015

Despatch of the Prospectus Documents Friday, 4 December 2015

Latest time for acceptance of and payment for the Offer Shares 4:00 p.m. on Friday,
18 December 2015

EXPECTED TIMETABLE

Event	(Hong Kong time)
Latest time for termination of the Underwriting Agreement and the Supplemental Underwriting Agreement	4:00 p.m. on Monday, 21 December 2015
Announcement of the results of acceptance of the Open Offer	Monday, 28 December 2015
Despatch of Share certificates for the Offer Shares	Tuesday, 29 December 2015
Despatch of refund cheques if the Open Offer is terminated	Tuesday, 29 December 2015
Expected first day of dealings in the Offer Shares	9:00 a.m. on Wednesday, 30 December 2015
Designated broker starts to stand in the market to provide matching services for odd lots of Shares	Wednesday, 30 December 2015
Designated broker ceases to stand in the market to provide matching services for odd lots of Shares	Thursday, 21 January 2016

All times and dates stated in this Circular refer to Hong Kong local times and dates. Dates or deadlines specified in the expected timetable above are indicative only and may be extended or varied by the Company. Any changes to the expected timetable will be published or notified to Shareholders as and when appropriate.

EXPECTED TIMETABLE

EFFECT ON BAD WEATHER ON THE LATEST TIME FOR ACCEPTANCE

The Latest Time for Acceptance will not take place at 4:00 p.m. on Friday, 18 December 2015 if there is a tropical cyclone warning signal number 8 or above, or a “black” rainstorm warning, if such circumstances are:

- (i) in force in Hong Kong at any local time before 12:00 noon and no longer in force after 12:00 noon on the date of the Latest Time for Acceptance, the Latest Time for Acceptance will not take place at 4:00 p.m. on the date of the Latest Time for Acceptance, but will be extended to 5:00 p.m. on the same day instead; or
- (ii) in force in Hong Kong at any local time between 12:00 noon and 4:00 p.m. on the date of the Latest Time for Acceptance, the Latest Time for Acceptance will not take place on the date of the Latest Time for Acceptance, but will be rescheduled to 4:00 p.m. on the following business day which does not have either of those warnings in force at any time between 9:00 a.m. and 4:00 p.m.

If the Latest Time for Acceptance does not take place on Friday, 18 December 2015, the dates mentioned in the above section headed “Expected timetable” in this Circular may be affected. An announcement will be made by the Company in such event.

DEFINITIONS

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

“Adoption of New Memorandum of Continuance and Bye-laws”	the adoption of the New Memorandum of Continuance and the Bye-laws in compliance with the laws of Bermuda to replace, respectively, the Memorandum and the Articles, as stated in the Change of Domicile Circular
“Amendment to Articles”	the amendment to the Articles by adding a new article to allow the Company to be deregistered in the Cayman Islands and registered by way of continuation in another jurisdiction, as stated in the Change of Domicile Circular
“Announcement”	the announcement of the Company dated 9 September 2015 relating to, among other things, the Increase in Authorised Share Capital and the Open Offer
“Application Form”	the form of application to be used by the Qualifying Shareholders to apply for the Offer Shares in the form agreed by the Company and the Underwriter
“Articles”	the articles of association of the Company, as amended from time to time, for use by the Company prior to its continuation in Bermuda
“associate(s)”	has the meaning ascribed thereto in the Listing Rules
“Board”	the board of Directors
“Bye-laws”	a new set of bye-laws of the Company adopted by the Company and took effect upon continuation of the Company in Bermuda
“Cancellation of Share Premium Account”	the cancellation of the entire amount standing to the credit of the share premium account of the Company, as stated in the Change of Domicile Circular

DEFINITIONS

“Capital Reduction”	the reduction of the Company’s issued share capital whereby: (i) the nominal value of all the issued Consolidated Shares shall be reduced from HK\$0.20 each to HK\$0.10 each through a cancellation of the paid-up capital of the Company to the extent of HK\$0.10 on each of the issued Consolidated Share; and (ii) any fractional Consolidated Share in the issued share capital of the Company arising from the Share Consolidation shall be cancelled, as stated in the Change of Domicile Circular
“Capital Reorganisation”	the reorganisation of the Company’s issued share capital which comprises: (i) the Share Consolidation; and (ii) the Capital Reduction, as stated in the Change of Domicile Circular
“CCASS”	the Central Clearing and Settlement System established and operated by HKSCC
“Change of Domicile”	the change of domicile of the Company from the Cayman Islands to Bermuda, as stated in the Change of Domicile Circular, and became effective on 26 October 2015 (Bermuda Time)
“Change of Domicile Circular”	the circular of the Company dated 18 September 2015 containing, among other things, further details of the Change of Domicile, the Amendment to Articles, the Cancellation of Share Premium Account, the Adoption of New Memorandum of Continuance and Bye-laws, the Capital Reorganisation, the Change in Board Lot Size and a notice convening the EGM despatched to the Shareholders
“Change in Board Lot Size”	the change in board lot size of the Existing Shares for trading on the Stock Exchange from 2,000 Existing Shares to 20,000 New Shares upon the Capital Reorganisation becoming effective, as stated in the Change of Domicile Circular
“Circular”	the circular of the Company dated 4 November 2015 containing, among other things, further details on the Open Offer, the Increase in Authorised Share Capital and a notice convening the SGM to be despatched to the Shareholders

DEFINITIONS

“Companies Ordinance”	the Companies (Winding Up and Miscellaneous Provisions) Ordinance, Chapter 32 of the Laws of Hong Kong (as amended from time to time)
“Company”	SEEC Media Group Limited, a company incorporated in Cayman Islands and continued in Bermuda with limited liability, whose issued Shares are listed on the Main Board of the Stock Exchange
“Consultant”	a company incorporated in Hong Kong with limited liability in 2007, which is principally engaged in disseminating Hong Kong listed companies announcements through its website and providing consultancy services, including but not limited to, accounting advisory services; company secretarial services and application assistance for various regulated activities as defined by the SFO
“Consolidated Share(s)”	the ordinary share(s) of HK\$0.20 each in the issued share capital of the Company immediately after the Share Consolidation becoming effective but prior to the Capital Reorganisation becoming effective
“Controlling Shareholders”	has the meaning ascribed thereto under the Listing Rules
“Director(s)”	the director(s) of the Company
“EGM”	the extraordinary general meeting of the Company held on 12 October 2015 pursuant to which the Change of Domicile, the Amendment to Articles, the Cancellation of Share Premium Account, the Adoption of New Memorandum of Continuance and Bye-laws, and the Capital Reorganisaton have been approved by the Shareholders
“Excluded Shareholder(s)”	the Overseas Shareholder(s) whose address(es) (as shown in the register of members of the Company on the Record Date) is/are in a place(s) outside Hong Kong where, the Directors, based on legal opinions provided by legal advisers of the Company, consider it is necessary or expedient on account either of the legal restrictions under the laws of the relevant place or the requirements of the relevant regulatory body or stock exchange in that place not to offer the Offer Shares to such Overseas Shareholders

DEFINITIONS

“Existing Share(s)”	the ordinary share(s) of HK\$0.10 each in the existing share capital of the Company immediately before the Capital Reorganisation becoming effective
“Group”	the Company and its subsidiaries
“HKSCC”	Hong Kong Securities Clearing Company Limited
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC
“Increase in Authorised Share Capital”	the proposed increase in the authorised share capital of the Company from HK\$300,000,000 divided into 3,000,000,000 New Shares to HK\$1,000,000,000 divided into 10,000,000,000 New Shares by the creation of 7,000,000,000 additional New Shares, upon the Change of Domicile and the Capital Reorganisation becoming effective
“Independent Board Committee”	comprising all independent non-executive Directors established to advise the Independent Shareholders in respect of the Open Offer
“Independent Financial Adviser” or “Hercules Capital”	Hercules Capital Limited, a corporation licensed under the SFO to conduct Type 6 (advising on corporate finance) regulated activity under the SFO, being the independent financial adviser to the Independent Board Committee and the Independent Shareholders in relation to the Open Offer
“Independent Shareholder(s)”	any Shareholder(s) other than the Controlling Shareholders and their respective associates or, where there are no Controlling Shareholders, the Directors (excluding the independent non-executive Directors) and the chief executive of the Company and their respective associates
“Independent Third Party(ies)”	any person(s) or company(ies) and their respective ultimate beneficial owner(s), to the best of the Directors’ knowledge, information and belief having made all reasonable enquiries, are third parties not connected with or acting in concert with any Director(s), chief executive or Substantial Shareholder(s) or its subsidiaries of the Company and their respective associates

DEFINITIONS

“Initial Announcement”	the announcement issued by the Company on 19 August 2015 in relation to, among other things, the Original Open Offer, Original Change in Board Lot Size and the increase in authorised share capital
“Last Trading Day”	9 September 2015, being the last trading day for the Shares on the date of the Announcement and the date of the Supplemental Underwriting Agreement
“Latest Practicable Date”	2 November 2015, being the latest practicable date before the printing of this Circular for the purpose of ascertaining certain information contained herein
“Latest Time for Acceptance”	the latest time for acceptance for the Offer Shares at 4:00 p.m., on 18 December 2015 or such other time as may be agreed between the Company and the Underwriter
“Latest Time for Termination”	the latest time for terminating the Underwriting Agreement and the Supplemental Underwriting Agreement at 4:00 p.m., on 21 December 2015, being the next business day after the Latest Time for Acceptance or such later time or date as may be agreed between the Company and the Underwriter
“Listing Committee”	the Listing Committee of the Stock Exchange
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“Memorandum”	the memorandum of association of the Company, as amended from time to time, for use by the Company prior to its continuation in Bermuda
“New Memorandum of Continuance”	a new memorandum of continuance of the Company adopted by the Company upon continuation of the Company in Bermuda
“New Share(s)”	the ordinary share(s) of HK\$0.10 each in the share capital of the Company immediately after the Capital Reorganisation becoming effective
“Offer Shares(s)”	not less than 5,311,287,930 New Shares and not more than 5,320,787,930 New Shares to be allotted and issued pursuant to the Open Offer

DEFINITIONS

“Open Offer”	the proposed issue by way of open offer to the Qualifying Shareholders on the basis of five (5) Offer Shares for every one (1) New Share held on the Record Date at the Subscription Price on the terms and subject to the conditions set out in the Underwriting Agreement and the Supplemental Underwriting Agreement
“Original Change in Board Lot Size”	the proposed change in board lot size of the Existing Shares for trading on the Stock Exchange from 2,000 Existing Shares to 20,000 Existing Shares, as announced in the Initial Announcement
“Original Open Offer”	the proposed open offer on the basis of three (3) offer shares for every one (1) Existing Share held on the original record date at the subscription price on the terms and subject to the conditions set out in the Underwriting Agreement, as announced in the Initial Announcement
“Overseas Letter”	a letter from the Company to the Excluded Shareholders explaining the circumstances in which the Excluded Shareholders are not permitted to participate in the Open Offer
“Overseas Shareholder(s)”	the Shareholder(s) with registered address(es) (as shown in the register of members of the Company on the Record Date) are outside Hong Kong
“PRC” or “China”	the People’s Republic of China, and for the purpose of this Circular, excludes Hong Kong, the Macau Special Administration Region of the PRC and Taiwan
“Prospectus”	the document containing details of the Open Offer to be despatched to the Qualifying Shareholders
“Prospectus Documents”	the Prospectus and the Application Form
“Prospectus Posting Date”	4 December 2015 or such later date as may be agreed between the Underwriter and the Company for the despatch of the Prospectus Documents to the Qualifying Shareholders (or the Prospectus only in the case of Excluded Shareholder(s))

DEFINITIONS

“Qualifying Shareholders”	Shareholders whose names appear on the register of members of the Company on the Record Date, other than the Excluded Shareholders
“Record Date”	2 December 2015, or such other date as may be agreed between the Company and the Underwriter for determining entitlements to the Open Offer
“Registrar”	Tricor Secretaries Limited, at Level 22, Hopewell Centre, 183 Queen’s Road East, Hong Kong, being the branch share registrar and transfer office of the Company in Hong Kong
“SFC”	Securities and Futures Commission
“SFO”	the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong)
“SGM”	the special general meeting of the Company convened to be held at 11:00 a.m. on Friday, 20 November 2015 (or any adjournment thereof) for the Shareholders to consider and, if thought fit, to approve the Open Offer, the Increase in Authorised Share Capital and the transactions contemplated hereunder
“Share(s)”	the Existing Share(s), the Consolidated Share(s) or the New Share(s), as the case may be
“Share Consolidation”	the consolidation of share(s) in the issued share capital of the Company whereby every two (2) issued Existing Shares of nominal value of HK\$0.10 each will be consolidated into one (1) Consolidated Share of nominal value of HK\$0.20 each, as stated in the Change of Domicile Circular
“Shareholder(s)”	the holder(s) of the Existing Shares, Consolidated Shares or New Shares, as the case may be
“Share Options”	the share options granted by the Company pursuant to the share option scheme adopted by the Company on 26 August 2002 which entitled the holders to subscribe for the Shares

DEFINITIONS

“Share Option Scheme”	the share option scheme of the Company adopted on 26 August 2002
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Subscription Price”	HK\$0.10 per Offer Share
“Substantial Shareholder(s)”	has the meaning as ascribed thereto under the Listing Rules
“Supplemental Underwriting Agreement”	the supplemental underwriting agreement dated 9 September 2015 entered into between the Company and the Underwriter in relation to revisions made to the Underwriting Agreement relating to the underwriting arrangement in respect of the Open Offer
“Underwriter” or “Black Marble Securities”	Black Marble Securities Limited, a corporation licensed under the SFO to conduct Type 1 (dealing in securities) regulated activity under the SFO
“Underwriting Agreement”	the underwriting agreement dated 19 August 2015 entered into between the Company and the Underwriter in relation to the underwriting arrangement in respect of the Original Open Offer
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong
“US\$”	United States dollars, the lawful currency of the United States of America
“%”	per cent

TERMINATION OF THE UNDERWRITING AGREEMENT

If, at any time prior to the Latest Time for Termination:

1. there shall develop, occur, exist or come into effect
 - (i) any new law or regulation or any change in existing laws or regulations or any change in the interpretation or application thereof by any court or other competent authority in Hong Kong or any other place in which any member of the Group conducts or carries on business; or
 - (ii) any local, national or international event or change of a political, military, financial, economic or other nature, or in the nature of any local, national or international outbreak or escalation of hostilities or armed conflict, or affecting local securities markets; or
 - (iii) any act of God, war, riot, public disorder, civil commotion, fire, flood, explosion, epidemic or threatened epidemic, terrorism, strike or lock-out; or
 - (iv) the imposition of any moratorium, suspension or material restriction on trading in securities generally on the Stock Exchange occurring due to exceptional financial circumstances; or
 - (v) the occurrence of any event, or series of events, beyond the control of the Underwriter;

which, in the reasonable opinion of the Underwriter:

- (1) is or will or is likely to have a material adverse effect on the business or financial position of the Group or the Open Offer; or
 - (2) has or will have or is likely to have a material adverse effect on the success of the Open Offer or the level of Offer Shares taken up; or
 - (3) makes it inadvisable or inexpedient for the Company to proceed with the Open Offer; or
2. there comes to the notice of the Underwriter:
 - (i) any matter or event showing any of the warranties was, when given, untrue or misleading or as having been breached in any respect; or
 - (ii) any breach by any of the other parties to this agreement of any of their respective obligations or undertakings under this agreement

then and in such case the Underwriter may, upon giving notice to the Company, terminate the Underwriting Agreement with immediate effect.

The termination of the Supplemental Underwriting Agreement is identical as that of the Underwriting Agreement.

LETTER FROM THE BOARD



SEEC MEDIA GROUP LIMITED

(Incorporated in the Cayman Islands and continued in Bermuda with limited liability)
(Stock Code: 205)

Executive Directors:

Mr. Wang Boming (*Chairman*)
Mr. Zhang Zhifang
Mr. Dai Xiaojing
Mr. Suen Man Simon
Mr. Zhou Hongtao
Mr. Li Leong

Independent non-executive Directors:

Mr. Ding Yu Cheng
Mr. Law Chi Hung
Ms. Wensy Ip

Registered office:

Clarendon House
2 Church Street
Hamilton HM11
Bermuda

Principal place of

business in Hong Kong:

Room 806, 8/F
Nan Fung Tower
173 Des Voeux Road Central
Hong Kong

4 November 2015

*To the Qualifying Shareholders and
for information purposes only, to the Excluded Shareholders*

Dear Sir or Madam,

**(I) PROPOSED OPEN OFFER ON THE BASIS OF
FIVE (5) OFFER SHARES FOR
EVERY ONE (1) NEW SHARE HELD ON THE RECORD DATE
AT THE SUBSCRIPTION PRICE OF HK\$0.10 PER OFFER SHARE;
(II) PROPOSED INCREASE IN AUTHORISED SHARE CAPITAL; AND
(III) NOTICE OF SPECIAL GENERAL MEETING**

INTRODUCTION

Reference is made to the Initial Announcement in relation to, among other things, the Original Open Offer, Original Change in Board Lot Size and the increase in authorised share capital; and the Announcement in relation to, among other things, the proposed Increase in Authorised Share Capital, the Supplemental Underwriting Agreement and the change in terms of the proposed Open Offer.

LETTER FROM THE BOARD

The purpose of this Circular is to provide the Shareholders, among other things, (i) further details about the proposed Increase in Authorised Share Capital and the proposed Open Offer; (ii) a letter of recommendation from the Independent Board Committee to the Independent Shareholders in respect of the proposed Open Offer; (iii) a letter of advice from the Independent Financial Advisor to the Independent Board Committee and the Independent Shareholders on the proposed Open Offer; and (iv) a notice of the SGM.

CHANGE OF DOMICILE, AMENDMENT TO ARTICLES, CANCELLATION OF SHARE PREMIUM ACCOUNT, ADOPTION OF NEW MEMORANDUM OF CONTINUANCE AND BYE-LAWS AND CAPITAL REORGANISATION

As stated in the Change of Domicile Circular, the Change of Domicile is not conditional upon the Capital Reorganisation becoming effective. However, the Capital Reorganisation is conditional upon the Change of Domicile becoming effective. All the resolutions proposed in the Change of Domicile Circular have been approved by the Shareholders at the EGM.

On 27 October 2015, the Board announced that the Company has been deregistered in the Cayman Islands and duly continued in Bermuda as an exempted company under the laws of Bermuda. The Change of Domicile became effective on 26 October 2015 (Bermuda Time).

The Open Offer and the Increase in Authorised Share Capital are conditional upon the Change of Domicile and the Capital Reorganisation becoming effective. This means that if the Capital Reorganisation do not become effective, the Open Offer and the Increase in Authorised Share Capital will not proceed.

PROPOSED INCREASE IN AUTHORISED SHARE CAPITAL

In order to facilitate the proposed Open Offer, to accommodate the future expansion and growth of the Group and to provide the Company with greater flexibility for future expansion in the share capital of the Company, the Directors propose that upon the Change of Domicile and the Capital Reorganisation becoming effective, the authorised share capital of the Company will be increased from HK\$300,000,000 divided into 3,000,000,000 New Shares to HK\$1,000,000,000 divided into 10,000,000,000 New Shares by the creation of 7,000,000,000 additional New Shares, which will, upon issue and being fully-paid, rank *pari passu* in all respects with the New Shares in issue.

Upon completion of the Capital Reorganisation, the issued share capital of the Company will be HK\$106,225,758.6 divided into 1,062,257,586 New Shares.

The Increase in Authorised Share Capital is conditional upon the passing of an ordinary resolution by the Shareholders at the SGM.

LETTER FROM THE BOARD

PROPOSED OPEN OFFER

The Company proposes to raise not less than HK\$531.13 million and not more than HK\$532.08 million, before expenses, by way of Open Offer and the details are set out as follows:

Issue statistics

Basis of the Open Offer	:	Five (5) Offer Shares for every one (1) New Share held on the Record Date
Subscription Price	:	HK\$0.10 per Offer Share
Number of Shares in issue as at the Latest Practicable Date	:	2,124,515,172 Shares
Number of New Shares in issue immediately upon the Capital Reorganisation having become effective	:	1,062,257,586 New Shares (assuming no outstanding Share Options being exercised and no Shares being repurchased by the Company between the Latest Practicable Date and the date on which the Capital Reorganisation becomes effective) 1,064,157,586 New Shares (assuming the outstanding Share Options being exercised in full between the Latest Practicable Date and the date on which the Capital Reorganisation becomes effective)
Number of Offer Shares	:	5,311,287,930 Offer Shares (assuming no outstanding Share Options being exercised and no Shares being repurchased by the Company on or before the Record Date) 5,320,787,930 Offer Shares (assuming the outstanding Share Options being exercised in full on or before the Record Date)
Number of Offer Shares underwritten by the Underwriter	:	Not less than 5,311,287,930 Offer Shares (assuming no outstanding Share Options being exercised and no Shares being repurchased by the Company on or before the Record Date) and not more than 5,320,787,930 Offer Shares (assuming the outstanding Share Options being exercised in full on or before the Record Date)

LETTER FROM THE BOARD

Number of New Shares in issue upon completion of the Open Offer : Not less than 6,373,545,516 New Shares (assuming no outstanding Share Options being exercised and no Shares being repurchased by the Company on or before the Record Date) and not more than 6,384,945,516 New Shares (assuming the outstanding Share Options being exercised in full on or before the Record Date)

As at the Latest Practicable Date, there are outstanding Share Options to subscribe for an aggregate of 3,800,000 Existing Shares, which are adjusted to be 1,900,000 New Shares upon completion of the Capital Reorganisation. Assuming full exercise of the subscription rights attaching to the outstanding Share Options on or before the Record Date, an additional 9,500,000 Offer Shares will be issued.

Save as disclosed, the Company has no other derivatives, outstanding convertible securities, options and warrants in issue which confer any right to subscribe for, convert or exchange into Shares.

The Open Offer is fully underwritten by the Underwriter, which shall ensure that the Company will maintain the minimum public float requirement in compliance with Rule 8.08 of the Listing Rules.

The Offer Shares

Assuming no outstanding Share Options being exercised and no Shares being repurchased by the Company on or before the Record Date, the 5,311,287,930 Offer Shares proposed to be allotted and issued represents approximately 500% of the number of New Shares immediately upon Capital Reorganisation becoming effective (based on the Company's issued share capital as at the Latest Practicable Date) and approximately 83.33% of the Company's issued share capital of 6,373,545,516 New Shares as enlarged by the allotment and issue of 5,311,287,930 Offer Shares immediately after completion of the Open Offer. The aggregate nominal value of the Offer Shares will be HK\$531,128,793.

Assuming all outstanding Share Options being exercised in full and no Shares being repurchased by the Company on or before the Record Date, the 5,320,787,930 Offer Shares proposed to be allotted and issued represents approximately 500.89% of the number of New Shares immediately upon Capital Reorganisation becoming effective (based on the Company's issued share capital as at the Latest Practicable Date) and approximately 83.33% of the Company's issued share capital of 6,384,945,516 New Shares as enlarged by the allotment and issue of 5,320,787,930 Offer Shares immediately after completion of the Open Offer. The aggregate nominal value of the Offer Shares will be HK\$532,078,793.

LETTER FROM THE BOARD

The unaudited consolidated net tangible assets of the Group attributable to the owners of the Company as at 30 June 2015 after the Capital Reorganisation being effective and before the completion of the Open Offer was approximately HK\$0.426 per Share. Assuming no Share Options being exercised and no Shares being repurchased by the Company on or before the Record Date, the unaudited pro forma adjusted consolidated net tangible assets of the Group attributable to the owners of the Company as at 30 June 2015 immediately after the completion of the Open Offer was approximately HK\$0.153 per Share, representing the possible maximum dilution effect to the net tangible assets of the Group attributable to the owners of the Company per Share of approximately 64.08%.

Subscription Price

The Subscription Price is HK\$0.10 per Offer Share, which will be payable in full upon application by a Qualifying Shareholder.

The Subscription Price represents:

- (i) a discount of approximately 67.95% to the adjusted closing price of HK\$0.312 per New Share (calculated based on the closing price of HK\$0.156 per Existing Share as quoted on the Stock Exchange on the Last Trading Day and adjusted for the effect of the Capital Reorganisation);
- (ii) a discount of approximately 25.93% to the theoretical ex-entitlement price of approximately HK\$0.135 per New Share after the Open Offer (calculated based on the closing price of HK\$0.156 per Existing Share as quoted on the Stock Exchange on the Last Trading Day and adjusted for the effect of the Capital Reorganisation);
- (iii) a discount of approximately 64.03% to the adjusted average closing price of approximately HK\$0.278 per New Share (calculated based on the average closing price of approximately HK\$0.139 per Existing Share as quoted on the Stock Exchange for the five consecutive trading days up to and including the Last Trading Day and adjusted for the effect of the Capital Reorganisation);
- (iv) a discount of approximately 63.77% to the adjusted average closing price of approximately HK\$0.276 per New Share (calculated based on the average closing price of approximately HK\$0.138 per Existing Share as quoted on the Stock Exchange for the ten consecutive trading days up to and including the Last Trading Day and adjusted for the effect of the Capital Reorganisation);
- (v) a discount of approximately 64.66% to the unaudited consolidated net asset value per Share of approximately HK\$0.283 (based on the unaudited net asset value of the Group of HK\$601,249,000 as at 30 June 2015 and 2,124,515,172 Shares in issue as at the Latest Practicable Date); and

LETTER FROM THE BOARD

- (vi) a discount of approximately 68.35% to the adjusted closing price of HK\$0.316 per New Share (calculated based on the closing price of HK\$0.158 per Existing Share as quoted on the Stock Exchange on the Latest Practicable Date and adjusted for the effect of the Capital Reorganisation).

The Subscription Price was determined after arm's length negotiations between the Company and the Underwriter with reference to, among others, (i) the prevailing market price of the Shares prior to the Last Trading Day and the theoretical ex-entitlement price; and (ii) the net loss position of the Company for the financial year ended 31 December 2014. It has been indicated to the Company that the relatively deep discount of the Subscription Price to the closing price is necessary to induce the Underwriter to participate in the underwriting of the underwritten Shares, which is an essential part of the Open Offer. The Directors are of the view that in the event that the Subscription Price is increased and the allotment ratio is lowered, the attractiveness of the Qualifying Shareholders to subscribe for the Offer Shares will likely decrease. The Directors also consider that each Qualifying Shareholder will be entitled to subscribe for the Offer Shares at the Subscription Price in proportion to his/her/its shareholding held on the Record Date and the terms of the Open Offer, including the Subscription Price which has been set as a discount to the recent closing prices of the Shares with an objective of encouraging existing Shareholders to take up their entitlements so as to share in the potential growth of the Company, to be fair and reasonable and in the best interests of the Company and the Shareholders as a whole.

Given that a deep discount of the Subscription Price and the basis of five (5) Offer Shares for every one (1) New Share: (i) can provide an incentive for the Qualifying Shareholders to subscribe for the Offer Shares as the Company has funding needs; and (ii) can induce the Underwriter to participate in the underwriting of the underwritten Shares, the Directors are of the view that the current structure of the Open Offer is fair and reasonable. After deducting all relevant expenses relating to the Open Offer, the net price per Offer Share will be approximately HK\$0.098.

In addition, the Board considered and noted that the discount structure of the Open Offer is a commercial decision of the Company which is required to be approved, as part of the terms of the Open Offer, by the Independent Shareholders at the SGM. The Shareholders' interests are safeguarded by the fact that the Independent Shareholders, before exercising their respective voting rights, will be advised by the Independent Board Committee (comprising all independent non-executive Directors) and the Independent Financial Adviser. The Independent Shareholders can then make an informed decision as to whether to vote in favour of the Open Offer on the terms proposed. If the Open Offer is approved at the SGM, it is unlikely that those Independent Shareholders voting in favour of the Open Offer would subsequently choose not to subscribe for their provisional entitlements of the Open Offer.

The Directors have approached three other underwriters regarding a proposed open offer for the Company to raise the required funds, however no positive feedback was received by the other three underwriters. The Directors have considered, among other factors: (i) the terms of the open offer proposed by the underwriters; and (ii) the terms of the underwriting agreement including but not limited to the underwriting commission, in selecting the underwriters.

LETTER FROM THE BOARD

Conditions of the Open Offer

The Open Offer is conditional upon:

- (1) the Change of Domicile and the Capital Reorganisation having become effective;
- (2) the passing by the Independent Shareholders at the SGM of an ordinary resolution to approve the Open Offer;
- (3) the passing by the Shareholders at the SGM of an ordinary resolution to approve the Increase in Authorised Share Capital;
- (4) the delivery to the Stock Exchange for authorisation and registration with the Registrar of Companies in Hong Kong respectively one copy of each of the Prospectus Documents duly certified by all Directors (or by their agents duly authorised in writing) as having been approved by a resolution of the Board (and with all other documents required to be attached thereto under the Companies Ordinance) not later than the Prospectus Posting Date and otherwise in compliance with the Listing Rules and the Companies Ordinance;
- (5) the posting of the Prospectus Documents to the Qualifying Shareholders and the posting of the Prospectus and the Overseas Letter to the Excluded Shareholders, if any, for “Information Purpose Only” explaining the circumstances in which they are not permitted to participate in the Open Offer on or before the Prospectus Posting Date;
- (6) the Listing Committee of the Stock Exchange granting or agreeing to grant (subject to allotment) and not having withdrawn or revoked, the listing of, and permission to deal in, the Offer Shares, before 9:00 a.m. on Wednesday, 30 December 2015, being the expected date of commencement of dealings in the Offer Shares (or such other date as may be agreed between the Company and the Underwriter), and such listing and permission not being revoked prior to the Latest Time for Termination;
- (7) compliance by the Company with all of its undertakings and obligations under the Underwriting Agreement and the Supplemental Underwriting Agreement; and
- (8) the obligations of the Underwriter under the Underwriting Agreement and the Supplemental Underwriting Agreement not being terminated by the Underwriter in accordance with the terms of the Underwriting Agreement and the Supplemental Underwriting Agreement.

LETTER FROM THE BOARD

The Company shall use all reasonable endeavours to procure the fulfilment of the abovementioned conditions (except for condition (8) above) and in particular shall furnish such information, supply such documents, pay such fees, give such undertakings and do all such acts and things as may be necessary in connection with the terms of the Underwriting Agreement and the Supplemental Underwriting Agreement.

If the conditions are not satisfied on or before the Latest Time for Termination, the Underwriting Agreement and the Supplemental Underwriting Agreement shall terminate and no party will have any claim against any other party for costs, damages, and compensation or otherwise save for any rights or obligations under any provisions of the Underwriting Agreement and the Supplemental Underwriting Agreement prior to such termination.

Basis of entitlement

The basis of the entitlement shall be five (5) Offer Shares for every one (1) New Share held on the Record Date, being not less than 5,311,287,930 Offer Shares and not more than 5,320,787,930 Offer Shares. Acceptance for all or any part entitlement of a Qualifying Shareholder should be made by completing the Application Form and lodging the same with a remittance for the Offer Shares being accepted for.

Ranking of the Offer Shares

The Offer Shares, when allotted, issued and fully paid, will rank *pari passu* in all respects with the Shares then in issue. Holders of fully paid Offer Shares will be entitled to receive all future dividends and distributions which are declared, made or paid after the date of allotment of the Offer Shares in their fully paid form.

Qualifying Shareholders

The Open Offer is only available to the Qualifying Shareholders.

To qualify for the Open Offer, the Shareholders must at the close of business on the Record Date: (a) be registered on the register of members of the Company; and (b) not being the Excluded Shareholders.

Shareholders whose Shares are held by nominee companies should note that the Board will regard a nominee company as a single Shareholder according to the register of members of the Company. Shareholders with their Shares held by nominee companies are advised to consider whether they would like to arrange for registration of the relevant Shares in the name of the beneficial owner(s) prior to the Record Date.

LETTER FROM THE BOARD

In order to be registered as members of the Company prior to the close of business on the Record Date, Shareholders must lodge any transfer documents of Shares (together with the relevant share certificates) for registration with the Registrar at Level 22, Hopewell Centre, 183 Queen's Road East, Hong Kong, no later than 4:30 p.m. on Wednesday, 25 November 2015.

Odd lots arrangement and matching services

In order to facilitate the trading of odd lots (if any), the Company will arrange odd lot matching services during Wednesday, 30 December 2015 to Thursday, 21 January 2016 (both dates inclusive). Shareholders should note that matching of the sale and purchase of odd lots of the Shares is on a best effort basis and successful matching of the sale and purchase of such odd lots is not guaranteed.

To alleviate the difficulties in trading odd lots of the Shares, the Company has appointed Black Marble Securities as an agent to provide matching services to the Shareholders who wish to top up or sell their holdings of odd lots of the Shares during the period from 9:00 a.m. on Wednesday, 30 December 2015 to 4:00 p.m. on Thursday, 21 January 2016 (both dates inclusive). Holders of the Shares in odd lots represented by the existing share certificates for the Shares who wish to take advantage of this facility either to dispose of their odd lots of the Shares or to top up their odd lots to a full board lot may contact Mr. KC Shum at Unit 03&05, 32/F, Sino Plaza, 255-257 Gloucester Road Causeway Bay, Hong Kong (telephone: (852) 3700 9604 and facsimile: (852) 3700 9688) during office hours of such period. Holders of the Shares in odd lots should note that successful matching of the sale and purchase of odd lots of the Shares is not guaranteed. The Shareholders are recommended to consult their professional advisers if they are in doubt about the above facility.

Closure of register of members for the Open Offer

The Company's register of members will be closed from Thursday, 26 November 2015 to Wednesday, 2 December 2015, both days inclusive, to determine the eligibility of the Qualifying Shareholders. No transfer of Shares will be registered during the book closure period.

Rights of Overseas Shareholders

The Prospectus Documents are not intended to be registered under the applicable securities legislation of any jurisdiction other than Hong Kong.

As at the Latest Practicable Date, there are two Overseas Shareholders whose addresses as shown on the register of members of the Company are in the Cayman Islands and Spain, with an aggregate shareholding of 13,392,558 Existing Shares, representing approximately 0.63% of the issued share capital of the Company. In compliance with Rule 13.36(2) of the Listing Rules, the Company will make enquiries regarding the feasibility of extending the Open Offer to the Overseas Shareholders. If, based on legal advice, the Directors consider that it is necessary or expedient not to issue the Offer Shares to the Overseas Shareholders on account either of the

LETTER FROM THE BOARD

legal restrictions under the laws of the relevant place or the requirements of the relevant regulatory body or stock exchange in that place, the Open Offer will not be available to such Overseas Shareholders. Based on the advice provided by the Company's legal advisers as to the laws of Cayman Islands and Spain, as at the Latest Practicable Date, the laws of Cayman Islands and Spain impose no restrictions on extending the Open Offer to the Shareholders located in Cayman Islands and Spain, and the Company is not required to obtain any approvals for the despatch of the Prospectus Documents to such Shareholders. Accordingly, the Directors have decided to extend the Open Offer to the two Shareholders in Cayman Islands and Spain, who will accordingly be a Qualifying Shareholder.

The Company will continue to ascertain whether there are any other Overseas Shareholders in any other jurisdiction(s) on the Record Date and will, if necessary, make further enquiries with legal adviser(s) in other jurisdiction(s) regarding the feasibility of extending the Open Offer to such other Overseas Shareholders on the Record Date. Further information in this connection will be set out in the Prospectus containing, among other things, details of the Open Offer, to be despatched to the Qualifying Shareholders on the Prospectus Posting Date. The Company will send copies of the Prospectus to the Excluded Shareholders for their information only, but will not send any Application Form to them.

Overseas Shareholders should note that they may or may not be entitled to the Open Offer. Accordingly, Overseas Shareholders should exercise caution when dealing in the securities of the Company.

No application for excess Offer Shares

Considering that the Open Offer will give the Qualifying Shareholders an equal and fair opportunity to maintain their respective pro rata shareholding interests in the Company, if application for excess Offer Shares is arranged, the Company will be required to put in additional effort and costs of approximately HK\$100,000 to administer the excess application procedures which is not cost effective from the viewpoint of the Company. Given the current loss-making position of the Group, the Board considers that it is important for the Group to minimise all costs which may be incurred during the fund raising. After arm's length negotiations with the Underwriter, and taking into account that the related administration costs would be lowered in the absence of excess applications, the Directors consider that it is fair and reasonable and in the interests of the Company and the Shareholders as a whole not to offer any excess application to the Qualifying Shareholders. Accordingly, no excess Offer Shares will be offered to the Qualifying Shareholders and any Offer Shares not taken up by the Qualifying Shareholders will be underwritten by the Underwriter.

Fractions of the Offer Shares

On the basis of five (5) Offer Shares for every one (1) New Share held on the Record Date, no fractional entitlements to the Offer Shares will arise under the Open Offer.

LETTER FROM THE BOARD

Share certificates and refund cheques for the Offer Shares

Subject to the fulfilment of the conditions of the Open Offer, certificates for all fully-paid Offer Shares are expected to be posted to those entitled thereto by ordinary post at their own risk on or before Tuesday, 29 December 2015. If the Open Offer is terminated, refund cheques will be despatched on or before Tuesday, 29 December 2015 by ordinary post at the respective Shareholders' own risk.

Application for the Offer Shares

The Application Form in respect of the entitlement of the Offer Shares will be enclosed with the Prospectus entitling the Qualifying Shareholders to whom it is addressed to subscribe for the Offer Shares as shown therein by completing such form and lodging the same with a remittance for the Offer Shares being taken up with the Registrar by the Latest Time for Acceptance.

Application for listing

The Company will apply to the Listing Committee for the listing of and permission to deal in, the Offer Shares. Dealings in the Offer Shares on the Stock Exchange will be subject to the payment of stamp duty (if any) in Hong Kong and any other applicable fees and charges in Hong Kong.

Subject to the granting of the approval for the listing of, and permission to deal in, the Offer Shares on the Stock Exchange, the Offer Shares will be accepted as eligible securities by HKSCC for deposit, clearance and settlement in CCASS with effect from the commencement date of dealings in the Offer Shares on the Stock Exchange or such other date as determined by HKSCC. Settlement of transactions between participants of the Stock Exchange on any trading day is required to take place in CCASS on the second settlement day thereafter. All activities under CCASS are subject to the General Rules of CCASS and CCASS Operational Procedures in effect from time to time.

No part of the securities of the Company is listed or dealt in or on which listing or permission to deal is being or is proposed to be sought on any other stock exchange.

The Offer Shares will be traded in board lots of 20,000 New Shares.

REASONS FOR THE OPEN OFFER AND USE OF PROCEEDS

The principal activity of the Company is investment holding and the Group is principally engaged in the provision of advertising agency services, distribution of books and magazines in the PRC and securities trading in Hong Kong. It is the corporate strategy of the Group to strengthen its existing businesses while concurrently identifying and capitalising on new opportunities to achieve financial growth for the Group and to maximise Shareholders' value.

The gross proceeds of the Open Offer will be approximately HK\$531.13 million, before expenses, assuming no outstanding Share Options being exercised on or before the Record Date. The estimated net proceeds of the Open Offer will be approximately HK\$519 million. The net price per Offer Share after deducting the relating expenses of Open Offer will be approximately HK\$0.098.

LETTER FROM THE BOARD

The Company intends to apply:

- (i) approximately HK\$365 million for the set-up and operation of a company licensed under the SFO to conduct Type 1 (dealing in securities) regulated activity under the SFO;
- (ii) approximately HK\$30 million for the set-up and operation of companies licensed under the SFO to conduct Type 4 (advising on securities), Type 6 (advising on corporate finance) and Type 9 (asset management) regulated activities under the SFO;
- (iii) approximately HK\$72 million for the operation and development of the e-commerce platform; and
- (iv) approximately HK\$52 million for the possible acquisition of a company engaged in the development and operation of e-commerce platform (the “**Possible Acquisition**”) pursuant to a signed memorandum of understanding as stated in the announcement of the Company dated 10 August 2015 (the “**Possible Acquisition Announcement**”).

The unlisted warrants issued by the Company in September 2014 were exercised in May 2015. The net proceeds of approximately HK\$238.75 million were received by the Company and will be used to finance the operation and development of the Group as stated in the Company’s announcement dated 26 September 2014.

SFO regulated activities

The Directors note that the number of companies listed on the Stock Exchange is increasing and the total equity funds raised by companies listed on the Stock Exchange is showing an increasing trend. Set out below is the total number of companies listed on the Stock Exchange for 2012 to September 2015:

Table 1: Total number of companies listed on the Stock Exchange

Year	Total Number of Listed Companies
2012	1,547
2013	1,643
2014	1,752
2015 (Up to September 2015)	1,816

Source: Stock Exchange

LETTER FROM THE BOARD

As shown in the table above, the total number of companies listed on the Stock Exchange has increased from 1,547 in 2012 to 1,752 in 2014, representing a compound annual growth rate (“CAGR”) of approximately 6.42%. Set out below is the total equity funds raised listed on the Stock Exchange for 2012 to September 2015:

Table 2: Total equity funds raised

Year	Equity funds raised (HK\$ billion)
2012	305.36
2013	378.86
2014	942.72
2015 (Up to September 2015)	851.12

Source: Stock Exchange

As shown in the table above, the total equity funds raised has increased from approximately HK\$305.36 billion in 2012 to approximately HK\$942.72 billion in 2014, representing a CAGR of approximately 75.71%.

In view of the above, the Board is of the view that licensed corporations with Type 1, Type 4, Type 6 and Type 9 licenses are expected to benefit from the increase of equity fund raising activities in Hong Kong. Accordingly, the Company has engaged the Consultant, to assist in its application for Type 1, Type 4, Type 6 and Type 9 license applications. On 17 July 2015, the Company announced that the Group was in the process of applying to the SFC for a license to carry out Type 1 regulated activity. Subject to the approval by the SFC, it is the Group’s intention to be involved in share placements and underwriting activities of its clients. The Directors have therefore intended to apply approximately HK\$365 million for the set-up and operation of a company licensed under the SFO to conduct Type 1 (dealing in securities) regulated activity. The Group intends to apply:

- (i) approximately HK\$15 million for the set-up of a Type 1 licensed company, of which HK\$13 million will be used as share capital and HK\$2 million will be used for the new company set-up, including but not limited to new office rental and office renovation;
- (ii) approximately HK\$335 million will be used as liquidity capital of the Type 1 licensed company; and
- (iii) approximately HK\$15 million will be used for the development and operation of the Type 1 licensed company, including but not limited to rental expense, staff salaries and administrative expenses.

LETTER FROM THE BOARD

The Group expects to manage its liquidity position for its Type 1 licensed company in a prudent manner that complies strictly with the relevant statutory requirements. This is expected to be achieved by the management and monitoring of the liquidity position of Type 1 licensed company on a daily basis to ensure sufficient liquid funds to comply with the statutory requirements such as the Securities and Futures (Financial Resources) Rules of the SFC (“**FRR Rules**”). According to the FRR Rules, corporations licensed under the SFC to carry out Type 1 regulated activity are required to maintain liquidity capital of approximately 1%-15% of the net underwriting commitment. Therefore, the liquidity capital of HK\$335 million implies a maximum underwriting commitment of approximately HK\$2.2 billion, which represents only approximately 0.23% of the total equity funds raised by companies listed on the Stock Exchange during 2014. As such, the Directors consider that it is prudent and reasonable for the Group to allocate approximately HK\$335 million to maintain the liquidity capital of its Type 1 licensed Company.

Once the approval of the SFC is obtained, the Company will set up the Type 1 licensed company and hire at least two responsible officers as required by the SFC to operate a licensed corporation. The Directors are of the view that with the appointment of at least two experienced responsible officers, who are experienced in the supervision of licensed activities and have in-depth industry knowledge, they are able to supervise and develop the business of Type 1 regulated activity, as well as assist the Company in evaluating potential investments in other companies if suitable investment opportunities arise. The Directors have extensive experience in the financial and investment industry. However, as the operation of the SFC’s regulated activities requires personnel with specific qualification to be responsible officers, the Company will hire experienced personnel in accordance with its business plan to undertake the day-to-day operations of the licensed companies. The Board, on the other hand, will provide strategic business directions to the overall operations.

According to the FRR Rules, the minimum capital requirement for Type 4, Type 6 and Type 9 licensed companies are HK\$3 million for each license. For each of the Type 4, Type 6 and Type 9 licensed companies: (i) HK\$3 million will be required as minimum capital; (ii) HK\$2 million will be used for the new company set-up, including but not limited to new office rental and salaries for employees; and (iii) HK\$5 million will be used for the business development of the respective businesses. Therefore, the total required funding for the set-up and operation of Type 4, Type 6 and Type 9 licensed companies will be HK\$30 million.

In the event that the applications for Type 1, Type 4, Type 6 and Type 9 licensed companies are unsuccessful, the Company will apply the relevant proceeds to other potential investment opportunities in the financial industry.

LETTER FROM THE BOARD

The Company has submitted the application for Type 1 license to the SFC on 11 August 2015. As discussed with the Consultant, subject to the SFC approval, the expected application process shall take three to five months. As at the Latest Practicable Date, the application is under the SFC's review and pending for the SFC's approval. Taking into consideration of the time needed for the Open Offer to complete, the Directors are of the view that it is necessary to raise the required funding for the Type 1 license as it is important and necessary for the Type 1 licensed company to have the required funding to set up and maintain the liquidity capital once the application for the Type 1 license is approved.

As disclosed in the annual report of the Company for the financial year ended 31 December 2014, the Group intends to explore the e-commerce sector when there are suitable opportunities and to develop diversified e-commerce services through leveraging on loyal customer base that has accumulated over the years. The Group may provide diversified and multi-dimensional customised services (including the customisation of news content, financial information, electronic goods, marketing conference and event promotion) to existing and potential customers, acting not only as a content provider but also a service provider. The Company intends to either acquire companies which are involved in relevant e-commerce platform or to explore establishing a subsidiary to develop an e-commerce platform in the first half of 2016.

E-commerce activities

The Company is currently in preliminary negotiation with not more than two parties to acquire a controlling stake in a company engaged in the development and operation of e-commerce platform. As at the Latest Practicable Date, no concrete terms have been established nor any definitive agreements been reached. The Company will update its Shareholders and, where appropriate, make announcement(s) in accordance with the Listing Rules, should such acquisition materialises.

Set out in the chart below is the business-to-consumer (“B2C”) e-commerce sales worldwide from 2012 to 2018.

Chart 1: B2C e-commerce sales worldwide 2012-2018

Year	2012	2013	2014E	2015E	2016E	2017E	2018E
B2C e-commerce sales (US\$ billion)	1,058	1,233	1,471	1,700	1,922	2,143	2,356

Source: <http://www.statista.com/statista/261245/b2c-e-commerce-sales-worldwide>

LETTER FROM THE BOARD

As shown in the chart above, worldwide B2C e-commerce sales increased from approximately US\$1.06 trillion in 2012 to approximately US\$1.47 trillion in 2014, representing a CAGR of approximately 17.91%. It is expected to continue to grow in the future years, reaching a revenue of approximately US\$2.36 trillion by 2018, reflecting an estimated CAGR of approximately 14.27% from 2012. In view of the positive data on e-commerce sales as stated above, the Board is of the view that the outlook of the e-commerce industry appears positive and encouraging. Accordingly, the Board intends to apply approximately HK\$52 million for the acquisition of e-commerce platform to supplement the existing business of the Group. The target company of the Possible Acquisition is an information technology company incorporated in Hong Kong and is principally engaged in the development and operation of e-commerce platform. Pursuant to the Possible Acquisition Announcement, the Company intends to acquire not less than 51% equity interest of the target company, at a maximum consideration of HK\$100 million. As at the Latest Practicable Date, the Group is conducting a due diligence review on the target company. The Company has revised the terms of the Original Open Offer as stated in the Announcement, resulting in a reduction in the net proceeds from the Open Offer. Having considered (i) the current status of the negotiation for the Possible Acquisition; (ii) the reduction in net proceeds from the Open Offer; (iii) the intention of the Company to acquire a controlling stake of the target company; and (iv) the current status of the due diligence review on the target company, the Board intends to allocate approximately HK\$52 million for the Possible Acquisition. In the event that the Possible Acquisition does not materialise, the Board intends to use the allocated proceeds of HK\$52 million to establish an e-commerce platform or acquire other potential e-commerce platform.

The Company intends to develop the e-commerce platform for the acquisition and circulation of electronic books. The e-commerce platform shall offer a variety of innovative and flexible ways for users to choose, purchase and read the electronic books. The e-commerce platform will allow the readers to subscribe for electronic books or purchase paper books. In order to cater for different groups of readers, the e-commerce platform will offer different subscription plans including but not limited to monthly subscription plans and annual subscription plans. The readers can also share their comments and reviews through the platform. The Company is of the view that the e-commerce platform will offer readers flexible ways to read books as well as an interactive platform for readers to communicate and share their comments and reviews. The development of the e-commerce platform including but not limited to the purchase of the books and the development and maintenance of software systems. As advised by the consultant of the Company, the Company intends to allocate approximately HK\$35 million for the purchase of approximately 8,000-10,000 books and copyrights of books, approximately HK\$8.1 million for the development of software systems including but not limited to the development of the online payment software system, membership management system and the eye-protection reading software and approximately HK\$28.9 million for other operating expenses including but not limited to staff cost, advertising, insurance and legal expense.

LETTER FROM THE BOARD

Other fund raising alternatives

The Board has considered other fund raising alternatives before resolving to the Open Offer, including but not limited to debt financing, placing of new Shares and rights issue. Debt financing or bank loans would result in additional interest burden and higher gearing ratio of the Group. Placing of new Shares would only be available to certain placees who were not necessarily the existing Shareholders and would dilute the shareholding of the existing Shareholders in the Company.

Although rights issue, as compared to an Open Offer, can provide an additional option to those Shareholders who do not wish to take up the entitlements by selling their entitled nil-paid rights, rights issue would involve extra administrative work and cost for the preparation, printing, posting and processing of trading arrangements in relation to the nil-paid rights. The Company will also involve additional time and incur resources to administer the trading of the nil-paid rights including communication between the Company and other parties such as the registrar or financial printer. It is estimated that the additional costs and expenses of approximately HK\$210,000 would be incurred for such administrative work and the arrangement of trading the nil-paid rights.

The objective of the Open Offer is to enable the Shareholders to maintain their proportionate interests in the Company should they wish to do so, ensuring stability in the Company's Shareholders' base, and to participate in the Company's future growth and development. The Board therefore considers, since the Open Offer will already give the Qualifying Shareholders an equal and fair opportunity to maintain their respective pro-rata shareholding interests in the Company, even without the right to trade their nil-paid rights as in a rights issue, on balance, to conduct an Open Offer instead of a rights issue will be more beneficial to the Company and the Shareholders in the current circumstances.

Having considered other fund raising alternatives for the Group as disclosed above, and taking into account the benefits and cost of each of the alternatives, the Directors (including the independent non-executive Directors) are of the view that the Open Offer is in the interest of the Company and the Shareholders as a whole since it offers the Qualifying Shareholders the opportunity to maintain their pro-rata shareholding interests in the Company.

UNDERWRITING AGREEMENT AND SUPPLEMENTAL UNDERWRITING AGREEMENT

Date : 19 August 2015 (after trading hours); and
9 September 2015 (after trading hours)

Underwriter : Black Marble Securities Limited

LETTER FROM THE BOARD

Number of Offer Shares to be underwritten : Not less than 5,311,287,930 Offer Shares (assuming no Share Options being issued and no Shares being repurchased by the Company on or before the Record Date) and not more than 5,320,787,930 Offer Shares (assuming the outstanding Share Options being exercised in full on or before the Record Date).

Under the Underwriting Agreement, the Open Offer is fully underwritten by the Underwriter and the Underwriter shall procure that any subscribers procured by them shall be Independent Third Parties and shall not become Substantial Shareholders holding 10% or more shareholding in the Company immediately after completion of the Open Offer.

To the best of the Directors' knowledge, information and belief and having made all reasonable enquiries, the Underwriter and their ultimate beneficial owners are Independent Third Parties. As at the date of the Underwriting Agreement and the Supplemental Underwriting Agreement, the Underwriter is not interested in any Shares.

Underwriting commission

The Company will pay the Underwriter an underwriting commission of 2.0% of the aggregate Subscription Price in respect of the maximum number of the underwritten Offer Shares agreed to be underwritten by the Underwriter as determined on the Record Date. The commission rate was determined after arm's length negotiation between the Company and the Underwriter by reference to the market rate, the size of the Open Offer and the current and expected market condition. The Directors (including the independent non-executive Directors) are of the view that the terms of the Underwriting Agreement, including the commission, are in-line with market practice and are fair and reasonable so far as the Company and the Shareholders are concerned.

Conditions of the Underwriting Agreement and Supplemental Underwriting Agreement

The conditions of the Underwriting Agreement and Supplemental Underwriting Agreement have been set out in the section headed "Proposed Open Offer – Conditions of the Open Offer" above.

Termination of the Underwriting Agreement and Supplemental Underwriting Agreement

Information on the termination of the Underwriting Agreement and Supplemental Underwriting Agreement has been set out in the section headed "Termination of the Underwriting Agreement" in this Circular.

LETTER FROM THE BOARD

SHAREHOLDING STRUCTURE OF THE COMPANY

Set out below is the shareholding structure of the Company before and after the completion of the Open Offer:

Scenario 1:

Assuming no outstanding Share Options being exercised on or before the Record Date:

	As at the Latest Practicable Date		Immediately after the Capital Reorganisation but before completion of the Open Offer		Immediately after completion of the Open Offer				
					Assuming all the Offer Shares are subscribed for by the Qualifying Shareholders		Assuming none of the Offer Shares are subscribed for by the Qualifying Shareholders		
	No. of Shares	Approximate %	No. of New Shares	Approximate %	No. of New Shares	Approximate %	No. of New Shares	Approximate %	
Directors									
Mr. Dai Xiaojing	2,500,000	0.12%	1,250,000	0.12%	7,500,000	0.12%	1,250,000	0.02%	
Mr. Wang Boming	1,500,000	0.07%	750,000	0.07%	4,500,000	0.07%	750,000	0.01%	
Mr. Zhang Zhifang	1,500,000	0.07%	750,000	0.07%	4,500,000	0.07%	750,000	0.01%	
Underwriter (Note 1)	-	-	-	-	-	-	4,771,287,930	74.86%	
Sub-underwriters (Note 2)	-	-	-	-	-	-	540,000,000	8.47%	
Public Shareholders	2,119,015,172	99.74%	1,059,507,586	99.74%	6,357,045,516	99.74%	1,059,507,586	16.62%	
	<u>2,124,515,172</u>	<u>100.00%</u>	<u>1,062,257,586</u>	<u>100.00%</u>	<u>6,373,545,516</u>	<u>100.00%</u>	<u>6,373,545,516</u>	<u>100.00%</u>	

Scenario 2:

Assuming the outstanding Share Options being exercised in full on or before the Record Date:

	As at the Latest Practicable Date		Immediately after the Capital Reorganisation but before completion of the Open Offer		Immediately after all the outstanding Share Options are exercised but before the completion of the Open Offer		Immediately after completion of the Open Offer			
							Assuming all the Offer Shares are subscribed for by the Qualifying Shareholders		Assuming none of the Offer Shares are subscribed for by the Qualifying Shareholders	
	No. of Shares	Approximate %	No. of New Shares	Approximate %	No. of New Shares	Approximate %	No. of New Shares	Approximate %	No. of New Shares	Approximate %
Directors										
Mr. Dai Xiaojing	2,500,000	0.12%	1,250,000	0.12%	1,250,000	0.12%	7,500,000	0.12%	1,250,000	0.02%
Mr. Wang Boming	1,500,000	0.07%	750,000	0.07%	750,000	0.07%	4,500,000	0.07%	750,000	0.01%
Mr. Zhang Zhifang	1,500,000	0.07%	750,000	0.07%	750,000	0.07%	4,500,000	0.07%	750,000	0.01%
Underwriter (Note 1)	-	-	-	-	-	-	-	-	4,780,787,930	74.88%
Sub-underwriters (Note 2)	-	-	-	-	-	-	-	-	540,000,000	8.46%
Public Shareholders	2,119,015,172	99.74%	1,059,507,586	99.74%	1,061,407,586	99.74%	6,368,445,516	99.74%	1,061,407,586	16.62%
	<u>2,124,515,172</u>	<u>100.00%</u>	<u>1,062,257,586</u>	<u>100.00%</u>	<u>1,064,157,586</u>	<u>100.00%</u>	<u>6,384,945,516</u>	<u>100.00%</u>	<u>6,384,945,516</u>	<u>100.00%</u>

LETTER FROM THE BOARD

Notes:

- (1) Pursuant to the Underwriting Agreement and the Supplemental Underwriting Agreement, the Underwriter shall ensure that any subscribers procured by the Underwriter shall be Independent Third Parties and shall not become Substantial Shareholders holding 10% or more shareholding in the Company immediately after completion of the Open Offer.
- (2) The Underwriter has entered into sub-underwriting agreements with 2 sub-underwriters who are individuals and Independent Third Parties for an aggregate of 540,000,000 Offer Shares. The sub-underwriters have agreed to take up 250,000,000 Offer Shares and 290,000,000 Offer Shares respectively.

As at the Latest Practicable Date, the existing public Shareholders hold approximately 99.74% of the entire issued share capital of the Company. Upon completion of the Open Offer (assuming none of the Offer Shares are subscribed for by the Qualifying Shareholders), the existing public Shareholders will hold approximately 16.62% of the entire enlarged issued share capital of the Company. The possible maximum dilution to shareholdings of those Qualifying Shareholders who do not subscribe to the Open Offer is approximately 83.34%.

As discussed with the Underwriter, in the event that there is insufficient public float of the Company within the meaning of the Listing Rules immediately upon completion of the Open Offer solely because of the Underwriter's performance of its obligations pursuant to the Underwriting Agreement and the Supplemental Underwriting Agreement, the Underwriter agrees to take such appropriate steps as may be reasonably required to maintain the minimum public float for the Shares in compliance with Rule 8.08 of the Listing Rules. The Underwriter will use its best endeavours to ensure that the subscribers and/or sub-underwriters are: (i) Independent Third Parties, and (ii) will not hold 10% or more of the equity interest and voting rights in the Company upon completion of the Open Offer. The Underwriter will also ensure that at least 25% of the total issued capital of the Company is held by the public at all times such that the public float requirements under Rules 8.08 of the Listing Rules will be complied with by the Company.

On 28 October 2015, after trading hours, the Underwriter has entered into sub-underwriting agreement with two (2) sub-underwriters who are individuals and Independent Third Parties for an aggregate of 540,000,000 Offer Shares and none of them will hold 10% or more of equity interest and voting rights in the Company upon completion of the Open Offer. The two (2) sub-underwriters have agreed to take up 250,000,000 Offer Shares and 290,000,000 Offer Shares respectively and will be allocated the Offer Shares on a pro-rata basis. Since both the sub-underwriters will hold less than 5% equity interest of the Company upon completion of the Open Offer, they will be considered as public Shareholders. Therefore, taking into account of the underwriting arrangement and the sub-underwriting

LETTER FROM THE BOARD

arrangements, at least 25% of the total issued capital of the Company will be held by public under all circumstances upon completion of the Open Offer. To the extent that the Underwriter subsequently enters into any further sub-underwriting arrangements, the Underwriter shall use its best endeavours to ensure that each subscriber and/or sub-underwriter is an Independent Third Party and will not hold more than 10.0% of the equity interest and voting rights in the Company upon completion of the Open Offer.

WARNING OF THE RISK OF DEALINGS IN SHARES

Shareholders and potential investors should note that the Open Offer is conditional upon the Underwriting Agreement and the Supplemental Underwriting Agreement having become unconditional and the Underwriter not having terminated the Underwriting Agreement and the Supplemental Underwriting Agreement in accordance with the terms thereof.

Accordingly, the Open Offer may or may not proceed. Shareholders and potential investors should exercise caution when dealing in the Shares, and if they are in any doubt about their position, they should consult their professional advisers.

Shareholders should note that the Shares will be dealt in on an ex-entitlement basis commencing from Tuesday, 24 November 2015 and that dealing in Shares will take place while the conditions to which the Underwriting Agreement and the Supplemental Underwriting Agreement is subject remain unfulfilled.

Any Shareholder or other person dealing in Shares up to the date on which all conditions to which the Open Offer is subject are fulfilled (which is expected to be on 4:00 p.m. on Monday, 21 December 2015), will accordingly bear the risk that the Open Offer cannot become unconditional and may not proceed. Any Shareholder or other person contemplating selling or purchasing Shares, who is in any doubt about his/her/its position, is recommended to consult his/her/its own professional adviser.

LETTER FROM THE BOARD

FUND RAISING EXERCISES OF THE COMPANY IN THE PAST TWELVE MONTHS

Save as disclosed below, the Company has not conducted any other fund raising exercise in the past twelve months immediately preceding the Latest Practicable Date:

Date of announcement	Event	Net proceeds	Intended use of proceeds	Actual use of proceeds
26 September 2014	Issue of unlisted warrants pursuant to consultancy agreement under general mandate	Approximately HK\$238.73 million	Finance the operation and development of the Group	(a) Approximately HK\$5.07 million was utilised for general working capital of the Group; (b) Approximately HK\$233.66 million will be utilised as intended, including but not limited to staff salaries, office rental, utilities and insurance expenses

The abovementioned warrants were exercised and settled by cash in May 2015. The net proceeds of approximately HK\$238.73 million were received by the Company and will be used to finance the operation and development of the Group as stated in the Company's announcement dated 26 September 2014. As stated in the annual report of the Company for the year ended 31 December 2014, the selling & distribution costs and administrative expenses for the year ended 31 December 2014 was approximately HK\$309.54 million. Therefore, the Directors are of the view that applying the net proceeds of approximately HK\$238.73 million to finance the operation and development of the Group is fair and reasonable. As the net proceeds from the abovementioned warrants will be used to finance the operation and development of the existing businesses of the Group, the Board considers that it is necessary for the Company to raise additional funds through the Open Offer for the new investment opportunities and the development of new business as disclosed in the above section headed "Reasons for the Open Offer and use of proceeds" in this Circular.

As at the Latest Practicable Date and to the best of the Directors' knowledge, information and belief, the Company is not considering any equity fund raising exercise during the next 12 months from the date of this Circular. To the best of the Directors' knowledge, information and belief, the proceeds from Open Offer and the internal funding of the Company can satisfy the Company's expected funding needs for the next 12 months from the date of this Circular.

LETTER FROM THE BOARD

ADJUSTMENT IN RELATION TO THE OUTSTANDING SHARE OPTIONS

As at the Latest Practicable Date, the Company has outstanding Share Options entitling the holders thereof to subscribe for 3,800,000 Existing Shares.

As a result of the Open Offer, it is expected that the exercise prices, and/or the number of Shares, of the outstanding Share Options will be adjusted in accordance with the terms and conditions of the Share Option Scheme of the Company. The Company will engage the Company's auditors to review and determine the relevant adjustments and make further announcements on the appropriate adjustments and the date they are expected to take effect in due course.

LISTING RULES IMPLICATIONS

As the Open Offer will increase the issued share capital of the Company by more than 50% within the 12 month period immediately preceding the date of the Announcement, in accordance with Rule 7.24(5) of the Listing Rules, the Open Offer must be made conditional on approval by the Shareholders in a general meeting by a resolution on which any Controlling Shareholders of the Company and their respective associates or, where there are no Controlling Shareholders, the Directors (excluding the independent non-executive Directors) and the chief executive of the Company, and their respective associates shall abstain from voting in favour of the Open Offer.

As at the Latest Practicable Date, (i) the Company does not have any Controlling Shareholder as defined under the Listing Rules; (ii) Mr. Wang Boming is an executive Director and chairman of the Company, holding approximately 0.07% of the total issued Shares; (iii) Mr. Dai Xiaojing is an executive Director of the Company, holding approximately 0.12% of the total issued Shares; (iv) Mr. Zhang Zhifang is an executive Director of the Company, holding approximately 0.07% of the total issued Shares; and (v) Mr. Suen Man Simon, Mr. Zhou Hongtao, and Mr. Li Leong, all being the executive Directors of the Company, do not hold any Shares. Therefore pursuant to the Listing Rules, the Directors (excluding the independent non-executive Directors) and the chief executive of the Company and their respective associates are required to abstain from voting in favour of the resolution relating to the Open Offer.

LETTER FROM THE BOARD

GENERAL

An Independent Board Committee of the Company comprising all the independent non-executive Directors has been established to make recommendation to the Independent Shareholders in respect of the Open Offer. Hercules Capital has been appointed to advise the Independent Board Committee of the Company and the Independent Shareholders in this regard.

None of the Directors has abstained from voting at the Board resolution to approve the Open Offer.

The SGM will be convened and held at 11:00 a.m. on Friday, 20 November 2015 at Room 806, 8/F, Nan Fung Tower, 173 Des Voeux Road Central, Hong Kong, Hong Kong for the Shareholders to consider and, if thought fit, approve the Increase in Authorised Share Capital and for the Independent Shareholders to consider and, if thought fit, approve, among other things, the Open Offer and the transactions contemplated respectively thereunder, all by way of poll.

The notice convening the SGM is set out on pages SGM-1 to SGM-4 of this Circular. A form of proxy for use at the SGM is enclosed. Whether or not you are able to attend the SGM, you are requested to complete and return the enclosed form of proxy in accordance with the instructions printed thereon to the office of the Registrar at Level 22, Hopewell Centre, 183 Queen's Road East, Hong Kong as soon as possible but in an event not less than 48 hours before the time scheduled for the SGM or any adjournment thereof. Completion and return of the form of proxy will not preclude you from attending or voting in person at the SGM or any adjourned meeting should you so wish and in such event, the instrument appointing a proxy previously submitted shall be deemed to be revoked.

Upon approval of the Open Offer by the Independent Shareholders at the SGM, the Prospectus Documents setting out details of the Open Offer will be despatched to the Qualifying Shareholders on Friday, 4 December 2015 and the Prospectus will be despatched to the Excluded Shareholders for information only. No Application Form will be sent to the Excluded Shareholders.

RECOMMENDATION

The Directors (including the independent non-executive Directors after taking into account of the advice of the Independent Financial Adviser) are of the opinion that the terms of the Open Offer are fair and reasonable and are in the interest of the Company and the Shareholders as a whole. Accordingly, the Directors (including the independent non-executive Directors after taking into account of the advice of the Independent Financial Adviser) recommend the Independent Shareholders to vote in favour of the resolution to be proposed at the SGM.

LETTER FROM THE BOARD

Your attention is drawn to the letter from the Independent Board Committee containing its recommendation to the Independent Shareholders set out on pages 38 to 39 of this Circular and the letter from the Independent Financial Adviser containing its recommendation to the Independent Shareholders and the principal factors which it has considered in arriving at its recommendation with regard to the Open Offer, as set out on pages 40 to 71 of this Circular.

Shareholders are advised to read carefully the letter from the Independent Board Committee regarding the Open Offer on pages 38 to 39 of this Circular. The Independent Board Committee, having taken into account the advice of the Independent Financial Adviser, the text of which is set out on pages 40 to 71 of this Circular, considers that the terms of the Open Offer are fair and reasonable insofar as the Independent Shareholders are concerned and are in the interests of the Independent Shareholders. Accordingly, the Independent Board Committee recommends the Independent Shareholders to vote in favour of the resolution to approve the Open Offer at the SGM.

ADDITIONAL INFORMATION

Your attention is drawn to the information set out in the appendices to this Circular.

Yours faithfully,
By Order of the Board
SEEC Media Group Limited
Li Leong
Executive Director

LETTER FROM THE INDEPENDENT BOARD COMMITTEE

The following is the text of the letter from the Independent Board Committee setting out its recommendation to the Independent Shareholders in relation to the Open Offer.



SEEC MEDIA GROUP LIMITED

(Incorporated in the Cayman Islands and continued in Bermuda with limited liability)

(Stock Code: 205)

4 November 2015

To the Independent Shareholders

Dear Sir or Madam,

**PROPOSED OPEN OFFER ON THE BASIS OF
FIVE (5) OFFER SHARES FOR
EVERY ONE (1) NEW SHARE HELD ON THE RECORD DATE
AT THE SUBSCRIPTION PRICE OF HK\$0.10 PER OFFER SHARE**

We refer to the Circular of the Company dated 4 November 2015 (the “**Circular**”) of which this letter forms part. Unless the context specifies otherwise, capitalised terms used herein have the same meanings as defined in the Circular.

We have been appointed by the Board as members to form the Independent Board Committee to advise the Independent Shareholders as to whether the terms of the Open Offer are fair and reasonable insofar as the Independent Shareholders are concerned.

Hercules Capital has been appointed to advise the Independent Board Committee and the Independent Shareholders in this respect.

LETTER FROM THE INDEPENDENT BOARD COMMITTEE

Having taken into account the terms of the Open Offer and the advice of Hercules Capital, we are of the opinion that the Open Offer is on normal commercial terms, are in the interests of the Company and the Shareholders as a whole and the terms of which are fair and reasonable insofar as the Company and the Independent Shareholders are concerned. Accordingly, we recommend the Independent Shareholders to vote in favour of the ordinary resolution to be proposed at the SGM to approve the Open Offer.

Yours faithfully,

For and on behalf of

the Independent Board Committee of

SEEC Media Group Limited

財訊傳媒集團有限公司

Mr. Ding Yu Cheng Mr. Law Chi Hung Ms. Wensy Ip

Independent non-executive Directors

LETTER FROM HERCULES CAPITAL

The following is the text of a letter of advice from the Independent Financial Adviser to the Independent Board Committee and the Independent Shareholders regarding its advice on the Open Offer prepared for the purpose of incorporation into this circular.

Hercules **Hercules Capital Limited**

1503 Ruttonjee House
11 Duddell Street
Central
Hong Kong

4 November 2015

*To the Independent Board Committee and
the Independent Shareholders*

Dear Sirs,

PROPOSED OPEN OFFER ON THE BASIS OF FIVE OFFER SHARES FOR EVERY ONE NEW SHARE HELD ON THE RECORD DATE

1. INTRODUCTION

We refer to our engagement as the independent financial adviser to advise the Independent Board Committee and the Independent Shareholders in relation to the Open Offer, details of which are set out in the Letter from the Board contained in the circular of the Company dated 4 November 2015 to the Shareholders (the “**Circular**”), of which this letter forms part. Capitalized terms used in this letter have the same meanings as defined elsewhere in the Circular, unless the context requires otherwise.

On 9 September 2015, the Company announced that the proposal for the Original Open Offer has been revised and it proposed to raise not less than approximately HK\$531.13 million to not more than approximately HK\$532.08 million, before expenses, by issuing not less than 5,311,287,930 and not more than 5,320,787,930 Offer Shares at the Subscription Price of HK\$0.10 per Offer Share to the Qualifying Shareholders on the basis of five Offer Shares for every one New Share held by the Qualifying Shareholders on the Record Date.

LETTER FROM HERCULES CAPITAL

On the same day, the Company announced that the Board proposed to change the domicile of the Company from the Cayman Islands to Bermuda by way of deregistration in the Cayman Islands and continuation as an exempted company under the laws of Bermuda. Meanwhile, the Board also proposed to implement the Capital Reorganisation after the Change of Domicile becoming effective, which comprises the Share Consolidation and the Capital Reduction.

As the Open Offer will increase the issued share capital of the Company by more than 50% within the 12-month period immediately preceding the date of the Announcement, pursuant to Rule 7.24(5) of the Listing Rules, the Open Offer is conditional on, among other things, the approval by the Independent Shareholders at the SGM by a resolution on which any Controlling Shareholders and their associates or, where there are no Controlling Shareholders, the Directors (excluding the independent non-executive Directors) and the chief executive (as defined under the Listing Rules) of the Company and their respective associates shall abstain from voting in favour of the resolution relating to the Open Offer. As at the Latest Practicable Date, the Company did not have any Controlling Shareholder. Mr. Wang Boming, Mr. Zhang Zhifang, Mr. Dai Xiaojing, Mr. Suen Man Simon, Mr. Zhou Hongtao and Mr. Li Leong, all being executive Directors, and their respective associates shall abstain from voting in favour of the resolution in relation to the Open Offer at the SGM.

The Independent Board Committee comprising all the independent non-executive Directors, namely Mr. Ding Yu Cheng, Mr. Law Chi Hung and Ms. Wensy Ip, has been established to advise the Independent Shareholders on the Open Offer. We, Hercules Capital Limited, have been appointed to advise the Independent Board Committee and the Independent Shareholders in connection with the Open Offer, in particular as to whether the terms of the Open Offer are fair and reasonable and on normal commercial terms so far as the Independent Shareholders are concerned and in the interests of the Company and the Shareholders as a whole.

We are not associated with the Group and its associates and do not have any shareholding in any member of the Group or right (whether legally enforceable or not) to subscribe for, or to nominate persons to subscribe for, securities in any member of the Group. Apart from normal professional fees payable to us in connection with this appointment, no arrangements exist whereby we will receive any fee or benefit from the Group and its associates.

LETTER FROM HERCULES CAPITAL

2. BASIS OF OUR OPINION

In formulating our opinion and recommendation, we have relied on the information and representations supplied, and the opinions expressed, by the Directors and management of the Company and have assumed that such information and statements, and representations made to us or referred to in the Circular are true, accurate and complete in all material respects as of the date hereof and will continue as such at the date of the SGM. The Directors have jointly and severally accepted full responsibility for the accuracy of the information contained in the Circular. We have no reasons to suspect that any material information has been withheld by the Directors or management of the Company, or is misleading, untrue or inaccurate, and consider that they may be relied upon in formulating our opinion.

We consider that we have reviewed sufficient information to reach an informed view, to justify reliance on the accuracy of the information contained in the Circular and to provide a reasonable basis for our recommendation. We have not, however, for the purposes of this exercise, conducted any independent detailed investigation or audit into the businesses or affairs or future prospects of the Group and the related subject of, and parties to, the Underwriting Agreement and the Supplemental Underwriting Agreement. Our opinion is necessarily based on the financial, economic, market and other conditions in effect and the information made available to us as at the Latest Practicable Date. Shareholders should note that subsequent developments (including any material change in market and economic conditions) may affect and/or change this opinion.

We have not considered the tax consequences on the Independent Shareholders arising from the subscription for, holding of, or dealing in, the Offer Shares or exercising any right attached thereto or otherwise, since these are particular to their individual circumstances. Independent Shareholders who are in any doubt as to their tax position, or who are subject to overseas tax or Hong Kong taxation on securities dealing, should consult their own professional advisers without delay.

3. PRINCIPAL FACTORS AND REASONS CONSIDERED

In arriving at our opinion in respect of the Open Offer, we have taken into consideration the following principal factors and reasons:

3.1 Financial Information of the Group

The Group is principally engaged in the provision of advertising agency services, distribution of books and magazines in the PRC and securities trading in Hong Kong.

LETTER FROM HERCULES CAPITAL

The consolidated financial information of the Group for the year ended 31 December 2013 and 31 December 2014, as extracted from the annual report of the Company, and the six months ended 30 June 2015, as extracted from the interim report of the Company, is summarized as follows:

	For the six months ended 30 June		For the year ended 31 December	
	2015 <i>HK\$'000</i> (unaudited)	2014 <i>HK\$'000</i> (unaudited)	2014 <i>HK\$'000</i> (audited)	2013 <i>HK\$'000</i> (audited)
Revenue				
– provision of services	141,144	172,646	409,261	452,866
– sale of books and magazines	<u>9,991</u>	<u>16,755</u>	<u>34,321</u>	<u>39,985</u>
	151,135	189,401	443,582	492,851
(Loss) profit before taxation	(12,577)	(22,720)	(118,742)	26,987
(Loss) profit for the period/year attributable to owners of the Company	<u>(11,886)</u>	<u>(26,721)</u>	<u>(121,246)</u>	<u>17,360</u>
				As at
				30 June
				2015
				<i>HK\$'000</i>
				(unaudited)
Non-current assets				255,770
Current assets				<u>627,897</u>
Total assets				883,667
Non-current liabilities				242
Current liabilities				<u>282,176</u>
Total liabilities				282,418
Net assets				<u>601,249</u>
Net asset attributable to owners of the Company				<u>605,613</u>

LETTER FROM HERCULES CAPITAL

The revenue of the Group for the year ended 31 December 2014 amounted to approximately HK\$443.6 million, of which over 92% was generated from the provision of advertising agency services while the remaining balance was generated from sale of books and magazines. As compared to the year ended 31 December 2013, the Group's revenue decreased by approximately 10.0% in 2014, which was mainly attributable to the keen competition in print media advertising business in the PRC and the adverse effects on the advertising industry brought by the slowdown of economic growth in the PRC. Due to the economic downturn in the PRC in 2014, the revenue from "Caijing Magazine", the Group's flagship magazine, dropped by around 10% for the financial year ended 31 December 2014. Revenue from other magazines of the Group, namely "China Auto Pictorial", "Sports Illustrated" and "Real Estate" also decreased by approximately 14%, 27% and 28% respectively. While the revenue from a majority of the Group's magazines decreased in 2014, the re-launch and increased numbers of initial public offerings in the stock market and fund raising exercises of companies in the PRC boosted the advertising revenue of "Capital Week" by approximately 83%. However, the increase in revenue from a particular magazine could not offset the decrease in revenue from other magazines. Therefore, the Group's overall revenue for the year ended 31 December 2014 dropped by approximately 10.0%.

To reduce the impact of the drop in its advertising revenue, the Group vigorously promoted conference and event activities so as to increase its revenue and diversify its revenue source. With more event activities being held, the Group's advertising income from conferences and events increased by approximately 21.9% for the financial year ended 31 December 2014. However, the gross profit contributions from conferences and events were less than those of advertising agency activities and thus a lower gross profit was recorded by the Group for the year ended 31 December 2014.

To diversify its business and explore potential business opportunities, the Group engaged a consultancy company to seek business opportunities and projects, particularly in e-commerce and internet payment arena. The Company issued warrants to settle the consulting fee instead of making cash payments to the consultancy company so as to preserve the Group's cash position. With the recognition of the equity-settled share based payment expense of approximately HK\$47 million for the consulting fee and the increase in legal and professional fees of approximately HK\$5.6 million during the year, the Group's administrative expenses surged by 91.2% from approximately HK\$55.6 million to HK\$106.3 million for the year ended 31 December 2014. Furthermore, impairment losses of approximately HK\$37.2 million (2013: nil) were recognized on the Group's sole agency rights in certain magazines and impairment loss on goodwill of approximately HK\$19.5 million (2013: nil) were recorded in the financial year ended 31 December 2014. As a result, the Company recorded a loss attributable to Shareholders of approximately HK\$121.2 million in 2014, as compared to a profit attributable to Shareholders of approximately HK\$17.4 million for the year ended 31 December 2013.

LETTER FROM HERCULES CAPITAL

The revenue of the Group for the six months ended 30 June 2015 amounted to approximately HK\$151.1 million, of which over 93% was generated from the provision of advertising agency services while the remaining balance was generated from sale of books and magazines. The Group's revenue for the six months ended 30 June 2015 decreased by approximately 20.2% as compared to the previous corresponding period, which was mainly attributable to the economic downturn in the PRC. Being adversely impacted by the mobile internet media streaming, the revenue from "Caijing Magazine" and "China Auto Pictorial" dropped by approximately 20.1% and 35.1% for the six months ended 30 June 2015 respectively. On the other hand, owing to the good time of the stock market in the first half of 2015, "CapitalWeek" captured the commercial opportunities and its revenue increased by 64.2% as compared to the previous corresponding period. With the implementation of cost control measures such as cessation of non-profitable magazines and decrease in headcount of related sales staff, the selling and distribution cost for the six months ended 30 June 2015 decreased by approximately 18.6% as compared to the previous corresponding period. The administrative expenses also reduced by approximately 5.5% as the decreases in legal expenses and staff costs outweighed the increase in expenses for trading of securities in Hong Kong. For the six months ended 30 June 2015, the Group recorded loss attributable to owners of the Company of approximately HK\$11.9 million, representing a decrease of approximately 55.5% as compared to the previous corresponding period. As the traditional publications, which the Group holds exclusive advertising rights, were largely impacted by the growing mobile internet media streaming, the Company decided to speed up the transformation of the Group and diversify its business into other areas, including securities trading and other financial investment in Hong Kong.

As at 30 June 2015, the current assets and current liabilities of the Group amounted to approximately HK\$627.9 million and HK\$282.2 million respectively. Accordingly, the Group had net current assets of approximately HK\$345.7 million and current ratio of approximately 2.23, as calculated as current assets over the current liabilities. The current assets of the Group mainly comprised trade receivables and bank balances and cash, which amounted to approximately HK\$144.6 million and HK\$392.0 million respectively. The current liabilities of the Group mainly consisted of other payables and accruals, trade payables as well as amounts due to related parties, including the Substantial Shareholder and Director, related companies and joint venture.

The Group's non-current assets amounted to approximately HK\$255.8 million, which mainly included property, plant and equipment, intangibles assets such as sole agency rights and goodwill, interests in and amount due from joint ventures and available-for-sale investment. The Group had only small amount of non-current liabilities, which were receipt in advance of approximately HK\$242,000, as at 30 June 2015.

LETTER FROM HERCULES CAPITAL

As at 30 June 2015, the Group's total assets and total liabilities amounted to approximately HK\$883.7 million and HK\$282.5 million respectively. Thus, the Group had net assets of approximately HK\$601.2 million and a gearing ratio, representing a percentage of total liabilities over total assets, of approximately 32.0% (31 December 2014: 40.3%) as at 30 June 2015. Excluding the net liabilities of the non-controlling interests of approximately HK\$4.4 million, the net assets attributable to the Shareholders amounted to approximately HK\$605.6 million.

Given the current status of bank and cash balances, current ratio, gearing ratio, net current assets and net assets attributable to the Shareholders, we are of the view that the Group is in a healthy financial position and the Group does not have any urgent financing needs if there are no substantial changes in its businesses and financial position or material investments and development plans.

3.2 Future Development of the Group

As mentioned in the Letter from the Board contained in the Circular, it is the corporate strategy of the Group to strengthen its existing businesses while concurrently identifying and capitalizing on new opportunities to achieve financial growth for the Group and to maximize Shareholders' value. In its annual report for the financial year ended 31 December 2014, the Company disclosed that the Group intended to explore the e-commerce sector when there are suitable opportunities and to develop diversified e-commerce services by leveraging on its customer base that has accumulated over the years. The Group may provide diversified and multi-dimensional customized services (including the customization of news content, financial information, electronic goods, marketing conference and event promotion) to existing and potential customers, acting not only as a content provider but also a service provider. We were given to understand that the Company intends to either acquire companies which are involved in relevant e-commerce platform or to explore establishing a subsidiary to develop an e-commerce platform in the first half of 2016.

As disclosed in the Company's announcement dated 10 July 2015, a wholly-owned subsidiary of the Company entered into a share subscription agreement to subscribe for 1,400,000,000 ordinary shares of GreaterChina Professional Services Limited ("GC") (Stock Code: 8193), the shares of which are listed on the Growth Enterprise Market of the Stock Exchange, at a consideration of HK\$140 million. The subscription shares represent approximately 28.82% of the total issued share capital of GC as enlarged by the share subscription. According to the information published by GC, it is principally engaged in the provision of (i) asset advisory services and asset appraisal such as independent valuation services, sourcing and identifying potential investment opportunities/investors, undertaking due diligence and evaluation on the underlying assets and provision of procedural and strategic business advices; (ii) corporate services and consultancy mainly focuses on provision of advice to corporations in areas of corporate governance, internal control, enterprise risk management and other operational aspects as well as provision of back office

LETTER FROM HERCULES CAPITAL

administration services; (iii) media advertising through in-elevator poster frames network and liquid-crystal display network inside elevators or lift lobbies of middle to high-end residential community in Changshu, the PRC; and (iv) financing services, including money lending such as personal loans, commercial loans and mortgages to individuals and corporations. The media advertising business was acquired by GC in November 2014 and thus it only accounted for approximately 9% of the total revenue of GC for the year ended 31 March 2015. The Directors expected that the proportion of revenue generated from the media advertising business of GC would increase in the near future. Given that both the Group and GC are participating in media advertising business in the PRC and both parties may make use of the other party's advertising network, we concur with the view of the Directors that the subscription of shares in GC would complement the Group's media services activities and provide both synergistic benefits as well as a way to establish both vertical and horizontal integration of its activities. The share subscription in GC was completed on 15 October 2015 with internal resources.

In order to diversify its business opportunities, the Company also intends to allocate financial resources for the businesses of securities trading and other financial investment. As disclosed in the Company's announcement dated 16 July 2015, a wholly-owned subsidiary of the Company entered into a subscription agreement to subscribe for 103,020,000 ordinary shares of China New Economy Fund Limited ("CNEF") (Stock Code: 80), the shares of which are listed on the main board of the Stock Exchange, for a total consideration of HK\$39.66 million. The subscription shares represent approximately 16.67% of the total issued share capital of CNEF as enlarged by the issue of the placing shares. Based on the information published in the website of the Stock Exchange, the principal activities of CNEF are investing globally in both private and publicly listed enterprises that have demonstrated the ability to manufacture a product or deliver a service that is supported by the economies of mainland China, Hong Kong, Macau and Taiwan. The Directors consider that investing in CNEF can assist the Company to diversify its investment portfolio. The share subscription in CNEF was completed on 22 July 2015.

In view of the increasing number of companies listed on the Stock Exchange and the uptrend of total equity funds raised by companies listed on the Stock Exchange in recent years, the Board is of the view that licensed corporations with licenses for Type 1 (dealing in securities), Type 4 (advising on securities), Type 6 (advising on corporate finance) and Type 9 (asset management) regulated activities under the SFO are expected to benefit from the increasing trend in total equity funds raised by companies listed on the Stock Exchange. Accordingly, the Company intends to set up licensed corporations for conducting the aforementioned regulated activities under the SFO. A consultancy firm has been engaged to assist the Group in establishing the licensed corporations. The Company submitted the application for Type 1 license to the SFC on 11 August 2015 and expected that the application process shall take three to five months to complete. As at the Latest Practicable Date, the application was under the SFC's review and pending for the SFC's approval. Subject to the approval of the SFC, it is the Group's intention to be involved in share placements and underwriting activities. The Group was still in the process of preparing for the application for the Type 4, Type 6 and Type 9 licenses under the SFO as at the Latest Practicable Date.

LETTER FROM HERCULES CAPITAL

On 7 August 2015, Laberie Holdings Limited, a wholly-owned subsidiary of the Company, and Pinnacle China Group Limited, an independent third party not connected to the Company and its connected persons, entered into a memorandum of understanding, pursuant to which, Laberie Holdings Limited intended to purchase, and Pinnacle China Group Limited intended to sell, not less than 51% equity interest in Tech Field Holdings Limited, which is principally engaged in the development and operation of e-commerce platform, at a maximum consideration of HK\$100 million, subject to adjustment. As at the Latest Practicable Date, no definitive agreements have been reached.

We have discussed with the management of the Company for the reasons of making significant investments in the businesses of securities investment and provision of services relating to Type 1, Type 4, Type 6 and Type 9 regulated activities under the SFO, which are not the current principal businesses of the Company, and were given to understand that the traditional advertising industry in the PRC experienced a negative growth in 2014 as a result of the slowdown in economic growth, and keen competition from internet media, in the PRC and the revenue of the Group generated from the provision of advertising agency services has been decreasing since the year ended 31 December 2012. On the other hand, in view of the increasing number of companies listed on the Stock Exchange and the uptrend of total equity funds raised by companies listed on the Stock Exchange in recent years, the Directors consider that licensed corporations with Type 1, Type 4, Type 6 and Type 9 licenses are expected to benefit from the increase in equity fund raising activities in Hong Kong. We have reviewed the market outlook of the advertising agency business in the PRC and securities market in Hong Kong, details of which are set out in the section “3.3 Market Outlook” below, and noted that the traditional advertising industry in the PRC is discouraging while there is a continuous growth in the securities market in Hong Kong. Together with the fact that the Group’s revenue generated from traditional advertising is decreasing, we consider that it is in the interest of the Company to diversify its business and resources to the industries with positive outlook and it is commercially justifiable for the Group to invest in the new business segment of securities investment and provision of services in relation to Type 1, Type 4, Type 6 and Type 9 regulated activities under the SFO.

We understand from the management of the Company that once the approval of the SFC is obtained, the Company will set up the Type 1 licensed company and hire at least two responsible officers as required by the SFC to undertake the daily operation of the licensed corporation. Meanwhile, the Board, members of which have extensive experiences in the financial and investment industry, will provide strategic business directions to the overall operations of the licensed corporation. The Directors considered that the appointment of at least two experienced responsible officers, who are experienced in the supervision of licensed activities and have in-depth industry knowledge, shall facilitate the Group’s supervision and development of its business in Type 1 regulated activity, as well as assist the Company in evaluating potential investments in other companies if suitable investment opportunities arise. We have reviewed the information and licence records of the proposed

LETTER FROM HERCULES CAPITAL

responsible officers and noted that they possess the relevant experiences. We were also advised by the management of the Company that other veterans in respect of Type 4, Type 6 and Type 9 regulated activities shall be hired as responsible officers to operate the relevant regulated activities upon the obtaining of the approval of the relevant licenses from the SFC. Based on the above arrangements, we consider that the Group shall have the relevant expertise and skills to conduct the business in Type 1, Type 4, Type 6 and Type 9 regulated activities under the SFO.

Given the aforementioned business development plans in the pipeline, we concur with the Directors' view that it is in the interest of the Company to raise additional funding to cope with the funding needs for the Group's business development and growth.

3.3 Market Outlook

3.3.1 Advertising Agency Business

According to the statistics released by CTR Market Research, a market information and insight provider in the PRC, in July 2015, the advertising expenses on traditional media (including television, radio, newspapers, magazines and outdoor) in the PRC for the first half of 2015 decreased by 5.9% as compared to the previous corresponding period. The adverse impact on newspaper and magazine sectors were particularly strong and the cutbacks in advertising expenses on these two media were on an escalating trend. The decrease in advertising expenses on newspaper has been increasing from 8% in 2013, 18% in 2014 and 32.1% for the first half of 2015 and the decrease in advertising expenses on magazines has been increasing from 7% in 2013, 10% in 2014 and 15.6% for the first half of 2015. For the six months ended 30 June 2015, the area of advertisements in newspapers and magazines also decreased by 33.9% and 24.6% respectively as compared to the previous corresponding period. It is expected that the outlook of advertising on newspapers and magazines shall continue to be challenging in the second half of 2015.

3.3.2 E-commerce Business

According to the research conducted by The National Bureau of Statistics of the PRC in relation to e-commerce trading platform in the PRC released in August 2015, the e-commerce trading platform transaction amount in the PRC grew at an annual rate of approximately 59.4% to approximately RMB16.39 trillion in 2014. In 2014, the transaction amounts of trades conducted by corporations and individual consumers through e-commerce trading platforms in the PRC were approximately RMB12.75 trillion and RMB3.64 trillion respectively, representing an increase of approximately 62.8% and 48.6% respectively as compared to the previous year.

LETTER FROM HERCULES CAPITAL

y.Stats.com, an international secondary market research company with expertise in the areas of business-to-consumers (B2C) e-commerce and online payment market, issued a report namely “China B2C E-Commerce Sales Forecasts: 2015 to 2018” in July 2015, which stated that the PRC has become the world’s largest online retail market in terms of sales amount of B2C and consumers-to-consumers (C2C) e-commerce sales and is the fastest growing of the top ten markets by sales. Supported by the vast population in the PRC and coupled with the increasing internet and mobile internet penetration and growing interest of internet users in online shopping, y.Stats.com forecasted that the online retail sales in the PRC will grow at double-digit rates in the next several years and the PRC’s share of worldwide online retail sales will grow to more than one-third within the next few years if its growing trend persists.

3.3.3 Securities Market in Hong Kong

According to Hong Kong Monthly Digest of Statistics October 2015 issued by Census and Statistics Department of Hong Kong, the business receipts indices of financial markets and asset management sector under financing industry (excluding banking industry) was 100.3, 101.3, 110.3, 123.9 and 155.9 for the year 2012, 2013 and 2014, the first quarter of 2015 and the second quarter of 2015 respectively.

The latest information released by Hong Kong Exchanges and Clearing Limited revealed that the number of listed companies in Hong Kong has increased from 1,643 in December 2013 to 1,816 in September 2015. In 2014, the average daily turnover and the average number of trades per trading day in the securities market amounted to approximately HK\$69.5 billion and approximately 1.1 million respectively, representing a respective increase of approximately 11.0% and 13.0% as compared to the previous year. For the nine months ended 30 September 2015, the average daily turnover and the average number of trades per trading day in the securities market further increased to approximately HK\$117.2 billion and approximately 1.5 million respectively, representing a respective increase of approximately 78.4% and 50.2% as compared to the previous corresponding period. The equity funds raised in the securities market in 2014 increased substantially by approximately 148.8%, from approximately HK\$378.9 billion in 2013 to approximately HK\$942.7 billion in 2014. The equity funds raised in the securities market for the nine months ended 30 September 2015 leapt by 39.2%, as compared to the previous corresponding period, to approximately HK\$851.1 billion.

LETTER FROM HERCULES CAPITAL

According to “2014 Economic Background and 2015 Prospects” issued by the Government of Hong Kong in February 2015, the growth rate of real gross domestic product (GDP) in Hong Kong for 2014 was 2.3%. It is projected that the Hong Kong economy will grow by 1% to 3% for 2015 and the economy is expected to attain a trend growth of 3.5% per annum from 2016 to 2019. It also indicated that the forecast of 2015 Hong Kong GDP growth rates by private sector analysts mostly fall between 2.1% and 3.3% with an average growth rate of 2.7%. The government of Hong Kong released its latest economic forecasts on 15 May 2015 stating that the growth rate of real GDP in Hong Kong for the first quarter of 2015 was 2.1% and the projected real GDP growth rate remains unchanged.

Given the challenging outlook of the traditional advertising industry in the PRC ahead, the positive outlook of e-commerce in the PRC and the continuous growth of the securities market in Hong Kong, we consider that it is commercially justifiable for the Group to diversify its business into the sectors of e-commerce in the PRC and financial services in Hong Kong.

3.4 Reasons for the Open Offer and Proposed Use of Proceeds

We were advised by the management of the Company that the proceeds of the Open Offer shall be mainly used to finance the business development plans of the Group.

Assuming that no outstanding Share Options are exercised before the Open Offer, the gross proceeds and estimated net proceeds (after deducting the estimated expenses directly attributable to the Open Offer) of the Open Offer will be approximately HK\$531.13 million and HK\$519.00 million respectively. The Company intends to use the net proceeds from the Open Offer as to (i) approximately HK\$365 million for the set-up and operation of a company licensed to conduct Type 1 (dealing in securities) regulated activities under the SFO; (ii) approximately HK\$30 million for the set-up and operation of companies licensed under the SFO to conduct Type 4 (advising on securities), Type 6 (advising on corporate finance) and Type 9 (asset management) regulated activities under the SFO; (iii) approximately HK\$72 million for the operation and development of the e-commerce platform; and (iv) approximately HK\$52 million for the possible acquisition of a company engaged in the development and operation of e-commerce platform as stated in the Company’s announcement dated 10 August 2015 (the “**Possible Acquisition**”).

LETTER FROM HERCULES CAPITAL

We have discussed with the management of the Company about its business development plans for, and reviewed the Group's budgets of, the establishment and operation of the licensed corporations for carrying out Type 1, Type 4, Type 6 and Type 9 regulated activities under the SFO. For the set-up and operation of the company licensed to conduct Type 1 regulated activities under the SFO, we noted that the Company intends to apply approximately HK\$13 million as share capital of the licensed company, approximately HK\$2 million for the new company set-up, including but not limited to new office rental and office renovation, approximately HK\$335 million as liquid capital, which was determined based on 15% of the budgeted net underwriting commitment in the amount of approximately HK\$2.2 billion, and approximately HK\$15 million for the operation and development of the licensed company, including but not limited to rental expenses, staff costs and administrative expenses. Furthermore, the Company intends to apply HK\$3 million as share capital, HK\$2 million as company set-up cost and HK\$5 million for business development for each of the Type 4, Type 6 and Type 9 licensed companies.

We have reviewed the Securities and Futures (Financial Resources) Rules (the "FRR") and noted that the share capital planned by the Company for each of the Type 1, Type 4, Type 6 and Type 9 licensed companies meets the minimum paid-up share capital as required under the FRR. We are also satisfied that the development plans and budgets have been made after due and careful consideration by the Directors. Based on the business volume planned by the Company under its business development plan, we consider that the liquid capital planned by the Company shall be sufficient to meet the minimum liquid capital requirement as required under the FRR and the operating costs and company set-up costs were reasonably budgeted.

We were advised by the management of the Company that in case the applications for Type 1, Type 4, Type 6 and Type 9 licensed corporations are unsuccessful, the Company will apply the relevant proceeds to other potential investment opportunities in the financial industry including, but not limited to, equity investment in, or acquisition of, corporations with Type 1, Type 4, Type 6 and/or Type 9 licences under the SFO. We understand from the management of the Company that no plans, arrangements, agreements or understandings that involve possible acquisitions or investment opportunities have been proposed or entered into by the Group, save for those mentioned in this letter, as at the Latest Practicable Date. Given that the Group is determined to develop business in the financial industry in Hong Kong in view of the continuous growth of the securities market in Hong Kong, we consider that it is commercially justifiable for the Group to utilize the relevant proceeds for equity investment in, or acquisition of, licensed corporations with Type 1, Type 4, Type 6 and/or Type 9 regulated licences if the Company fails in applying for Type 1, Type 4, Type 6 and Type 9 licences.

LETTER FROM HERCULES CAPITAL

Furthermore, we have discussed with the management of the Company about its business development plan for, and reviewed the Group's budget of, the establishment and operation of the e-commerce platform for the acquisition and circulation of books. The e-commerce platform shall offer a variety of ways for the users to choose, purchase and read the electronic books and allowing the readers to subscribe for electronic books or purchase paper books as well as sharing their comments and reviews through the platform. According to the Company's budget, the Company intends to use approximately HK\$72 million of the net proceeds from the Open Offer for the development of the e-commerce platform, of which approximately HK\$35.0 million for the purchases of approximately 8,000 to 10,000 books and copyrights of books, approximately HK\$8.1 million for the development of software systems including, but not limited to, the development of the online payment software system, the membership management system and the eye-protection reading software and approximately HK\$28.9 million for other operating expenses including, but not limited to, staff cost, advertising, insurance and legal expenses.

We understand from the management of the Company that the Company has received verbal quotations from suppliers of books and copyrights of books and IT solution providers providing software development services, all being Independent Third Parties. We have reviewed the summary of verbal quotations and noted that the budget allocated for the purchases of books and copyrights of books and development of software systems are reasonable and generally in line with the quotations. We are satisfied that the development plan and budget have been made after due and careful consideration by the management of the Company with reference to the e-commerce consultancy company engaged by the Company and the proceeds from the Open Offer to be allocated to the establishment and development of the e-commerce platform as mentioned above are generally in line with the budget of the Company for that purposes.

For the Possible Acquisition, we have reviewed the memorandum of understanding entered into between Laberie Holdings Limited, a wholly-owned subsidiary of the Company, and Pinnacle China Group Limited, an independent third party not connected to the Company and its connected persons, as mentioned in the Company's announcement dated 10 August 2015. Pursuant to the memorandum of understanding, Laberie Holdings Limited intended to purchase, and Pinnacle China Group Limited intended to sell, not less than 51% equity interest in Tech Field Holdings Limited, which is principally engaged in the development and operation of e-commerce platform, at a maximum consideration of HK\$100 million, subject to adjustment. We have discussed with the management of the Company about the current status of negotiation for the acquisition and were advised that the Group is conducting a due diligence review on Tech Field Holdings Limited and it is expected that a formal agreement will be entered into by the parties to the memorandum of understanding by end of 2015. As at the Latest Practicable Date, no concrete terms have been established but it is the intention of the Company to acquire a controlling stake in Tech Field Holdings Limited, while lowering the original target shareholding percentage to be acquired, with a cash consideration of not more than HK\$52 million in view of the reduced

LETTER FROM HERCULES CAPITAL

net proceeds from the Open Offer. We understand from the management of the Company that the actual shareholding percentage of Tech Field Holdings Limited to be acquired shall depend on the negotiation and due diligence review. In case the total consideration for the acquisition exceeds HK\$52 million, the Company shall consider offering a consideration in a combination of cash and securities and/or convertible securities of the Company. As at the Latest Practicable Date, there were no other fund raising plans for the Possible Acquisition. Given that (i) the net proceeds from the Open Offer shall be received by the Company after the latest time for termination of the Underwriting Agreement and the Supplemental Underwriting Agreement, which is scheduled to be on 21 December 2015; (ii) a formal agreement regarding the Possible Acquisition may be entered into by end of 2015; (iii) the Company intends to acquire not less than 51% equity interest of Tech Field Holdings Limited with a cash consideration of not more than HK\$52 million; and (iv) it is important for the Company to secure adequate funding for the Possible Acquisition before the entering into of a formal agreement, we consider that it is reasonable for the Company to allocate HK\$52 million for the Possible Acquisition at the current stage.

In the event that the Possible Acquisition does not materialize, the Board intends to use the allocated proceeds of HK\$52 million to establish an e-commerce platform by itself or acquire other potential e-commerce platform. In case the Company decides to establish an e-commerce platform by itself, the Company may hire the relevant IT experts for in-house software development and/or outsource the development work to IT solution provider(s). Given that the Group intends to develop the e-commerce business and Tech Field Holdings Limited is a company principally engaged in the development and operation of e-commerce platform, we consider that it is commercially justifiable for the Group to utilize the relevant proceeds for establishing the e-commerce platform by itself or acquire other potential e-commerce platform in the event that the Possible Acquisition does not materialize.

We noted that the Company received net proceeds of approximately HK\$238.73 million from exercise of warrants in May 2015 and such proceeds were intended to be used to finance the operation and development of the Group as stated in the announcement of the Company dated 26 September 2014. As at the Latest Practicable Date, approximately HK\$5.07 million has been utilized for general working capital of the Group and the remaining balance of approximately HK\$233.66 million was placed in the bank accounts of the Group pending for using on the operation and development of the existing businesses of the Group, including but not limited to staff salaries, office rental, utilities and insurance expenses, as originally planned. Given that the unutilized fund from exercise of warrants has already been assigned for a specific use for the operation of the existing businesses of the Group, we consider that it is reasonable for the Company to raise additional funds through the Open Offer for the new investment opportunities and the development of new business.

LETTER FROM HERCULES CAPITAL

Having considered (i) the future development plans of the Group; (ii) the positive outlook of e-commerce platform business in the PRC and securities market in Hong Kong; (iii) the Group's commitment for the acquisition of the e-commerce platform business under the memorandum of understanding entered into between the Group and the vendor on 7 August 2015; (iv) the unutilized fund from exercise of warrants has already been assigned for a specific use for the existing businesses; and (v) the fact that the Open Offer will give all the Qualifying Shareholders an equal opportunity to participate in the enlargement of the capital base of the Company without diluting their corresponding shareholdings and to participate in the long-term growth of the Company at a price lower than the current market level, we concur with the view of the Directors that it is in the interest of the Company to conduct the Open Offer to support the development of the Group and the intended use of proceeds are reasonable and commercially justifiable.

3.5 Alternative Financing Methods

During our discussion with the management of the Company, we understood that apart from the Open Offer, the Company has also considered other alternative means for fund raising, including but not limited to debt financing, placing of new Shares and rights issue. The Board considers that debt financing or bank loans would result in additional interest burden to and higher gearing ratio of the Group while placing of new Shares would only be available to certain places who were not necessarily the existing Shareholders and would dilute the shareholding of the existing Shareholders in the Company. Moreover, as compared to open offer, rights issue may involve extra administrative work and costs for the preparation, printing, posting and processing of trading arrangements in relation to the nil-paid rights, which was estimated by the Company to be amounted to approximately HK\$210,000. The Board was of the view that the objective of the Open Offer is to enable the Shareholders to maintain their proportionate interests in the Company should they wish to do so, ensure stability in the Company's Shareholders' base, and to participate in the Company's future growth and development. The Board therefore considers that conducting an Open Offer, instead of a rights issue, will be more beneficial to the Company and the Shareholders in the current circumstances even without the right to trade their nil-paid rights as in a rights issue since the Open Offer has already given the Qualifying Shareholders an equal and fair opportunity to maintain their respective pro-rata shareholding interests in the Company.

In light of the above, we concur with the view of the Directors that the Open Offer is an appropriate means for the Group to obtain the required funding and is in the interests of the Company and the Shareholders as a whole.

LETTER FROM HERCULES CAPITAL

3.6 Principal Terms of the Open Offer

3.6.1 Issue Statistics

Basis of the Open Offer:	five Offer Shares for every one New Share held on the Record Date
Subscription Price:	HK\$0.10 per Offer Share
Number of Shares in issue as at the Latest Practicable Date:	2,124,515,172 Shares
Number of New Shares in issue immediately upon the Capital Reorganisation having become effective:	1,062,257,586 New Shares (assuming no outstanding Share Options being exercised and no Shares being repurchased by the Company between the Latest Practicable Date and the date on which the Capital Reorganisation becomes effective) 1,064,157,586 New Shares (assuming the outstanding Share Options being exercised in full between the Latest Practicable Date and the date on which the Capital Reorganisation becomes effective)
Number of Offer Shares:	5,311,287,930 Offer Shares (assuming no outstanding Share Options being exercised and no New Shares being repurchased by the Company on or before the Record Date), representing approximately 500.00% of the Company's issued share capital upon completion of the Capital Reorganisation and approximately 83.33% of the Company's issued share capital of 6,373,545,516 New Shares as enlarged by the allotment and issue of 5,311,287,930 Offer Shares immediately after completion of the Open Offer.

LETTER FROM HERCULES CAPITAL

5,320,787,930 Offer Shares (assuming the outstanding Share Options being exercised in full on or before the Record Date), representing approximately 500.00% of the Company's issued share capital upon completion of the Capital Reorganisation and issue of the New Shares resulting from exercise of the outstanding Share Options and approximately 83.33% of the Company's issued share capital of 6,384,945,516 New Shares as enlarged by the allotment and issue of 5,320,787,930 Offer Shares immediately after completion of the Open Offer.

Underwriter:	Black Marble Securities Limited
Number of Offer Shares underwritten by the Underwriter:	not less than 5,311,287,930 Offer Shares and not more than 5,320,787,930 Offer Shares
Number of New Shares in issue upon completion of the Open Offer:	not less than 6,373,545,516 New Shares and not more than 6,384,945,516 New Shares

As at the Latest Practicable Date, the Company had outstanding Share Options which entitled the holders to subscribe for an aggregate of 3,800,000 Existing Shares, which would be adjusted to 1,900,000 New Shares upon completion of the Capital Reorganisation. Assuming full exercise of the subscription rights attaching to the outstanding Share Options on or before the Record Date, an additional 9,500,000 Offer Shares will be issued. Save as aforementioned, the Company had no other derivatives, outstanding convertible securities, options and warrants in issue which confer any right to subscribe for, convert or exchange into Shares or New Shares.

The Open Offer is fully underwritten by the Underwriter which shall ensure that the Company will maintain the minimum public float requirement in compliance with Rule 8.08 of the Listing Rules.

The Open Offer is conditional upon, *inter alia*, the Underwriting Agreement and the Supplemental Underwriting Agreement not being terminated by the Underwriter pursuant to the terms thereof on or before the latest time for termination.

LETTER FROM HERCULES CAPITAL

3.6.2 Subscription Price

The Subscription Price of HK\$0.10 per Offer Share, which will be payable in full upon application, represents:

- (i) a discount of approximately 68.35% to the adjusted closing price of HK\$0.316 per New Share (calculated based on the closing price of HK\$0.158 per Existing Share as quoted on the Stock Exchange on the Latest Practicable Date and adjusted for the effect of the Capital Reorganisation);
- (ii) a discount of approximately 67.95% to the adjusted closing price of HK\$0.312 per New Share (calculated based on the closing price of HK\$0.156 per Existing Share as quoted on the Stock Exchange on the Last Trading Day and adjusted for the effect of the Capital Reorganisation);
- (iii) a discount of approximately 64.03% to the adjusted average closing price of approximately HK\$0.278 per New Share (calculated based on the average closing price of approximately HK\$0.139 per Existing Share as quoted on the Stock Exchange for the five consecutive trading days up to and including the Last Trading Day and adjusted for the effect of the Capital Reorganisation); and
- (iv) a discount of approximately 25.93% to the theoretical ex-entitlement price of HK\$0.135 per New Share after the Open Offer (calculated based on the closing price of HK\$0.156 per Existing Share as quoted on the Stock Exchange on the Last Trading Day and adjusted for the effect of the Capital Reorganisation).

The Subscription Price was determined after arm's length negotiations between the Company and the Underwriter taking into account the capital needs and financial position of the Group, the market price of the Shares and the prevailing market conditions. We were given to understand that the Company has approached three other underwriters, in addition to the Underwriter, for the underwriting of the proposed open offer of the Company but no positive feedbacks were received from those underwriters. It has been indicated to the Company that a relatively deep discount of the subscription price to the market price of the Shares is necessary to induce an underwriter to participate in the underwriting of an open offer. Having considered that (i) a lower Subscription Price shall encourage the existing Shareholders to take up their entitlements under the Open Offer; (ii) each Qualifying Shareholder will be entitled to subscribe for the Offer Shares at the same Subscription Price in proportion to his/her/its shareholding held on the Record Date; (iii) a relatively deep discount of the subscription price to the market price of the Shares is necessary to induce the Underwriter to participate in the underwriting of the Underwritten Shares, the Directors

LETTER FROM HERCULES CAPITAL

consider that it is fair and reasonable and in the interests of the Company and the Shareholders as a whole to set the Subscription Price with a deep discount to the prevailing market price of the Shares.

In order to assess the fairness and reasonableness of the Subscription Price, we have reviewed the movements in the adjusted closing price of the Shares, taking into account the effect of the Capital Reorganisation (the “**Adjusted Closing Price**”), during the period from 20 August 2014, being 12 months immediately preceding the date of the Underwriting Agreement, to the Latest Practicable Date (the “**Review Period**”). We consider that a period of 12 months is adequate to illustrate the recent price movements of the Shares for conducting a reasonable comparison between the Adjusted Closing Price and the Subscription Price.

Chart 1 – Adjusted Closing Price of the Shares during the Review Period



Source: the website of the Stock Exchange

As illustrated in the above chart, the Shares were traded above the Subscription Price throughout the Review Period with an average Adjusted Closing Price of approximately HK\$0.937. The highest Adjusted Closing Price and the lowest Adjusted Closing Price in the Review Period were HK\$2.46 on 13 October 2014 and HK\$0.236 on 7 September 2015 respectively. The Subscription Price represents a discount of approximately 95.93%, 57.63% and 89.33% to the highest, lowest and average Adjusted Closing Price of the Review Period respectively.

LETTER FROM HERCULES CAPITAL

The Adjusted Closing Price fluctuated narrowly in the range of HK\$0.94 and HK\$0.98 during 20 August 2014 and 1 September 2014. On 2 September 2014, the Adjusted Closing Price suddenly surged to HK\$1.22 in the morning trading session. At the request of the Company, trading in the Shares was halted with effect from 1:00 p.m. on 2 September 2014 and the Company published an announcement on the same day disclosing that the Controlling Shareholder had disposed of 280,000,000 Shares to three Independent Third Parties and the shareholding of the Controlling Shareholder in the Company decreased from approximately 56.84% to approximately 40.74%. Subsequently, the Adjusted Closing Price dropped to HK\$0.68 on 12 September 2014 and then picked up gradually to HK\$0.81 on 17 September 2014. On 18 September 2014, the Adjusted Closing Price increased substantially but the Company published an announcement on the same day stating that it was not aware of any reason for the increase in the share price.

The Adjusted Closing Price increased continuously in the following trading days and reached HK\$1.70 on 24 September 2014. On 24 September 2014, the Company announced that the Company was in preliminary discussions with an Independent Third Party to explore opportunities in relation to potential internet payment related project(s) in the PRC and also to consider possible fund raising opportunities, including but not limited to, issuance of unlisted warrants to the Independent Third Party. On 26 September 2014, the Company announced that it agreed to issue to a consultant 347,000,000 warrants conferring the rights to subscribe for an aggregate of 347,000,000 Shares at the subscription price of HK\$0.69 per Share. The Adjusted Closing Price then fluctuated narrowly between HK\$1.54 and HK\$1.68 in the following few days and then increased to HK\$2.46, the highest Adjusted Closing Price during the Review Period, on 13 October 2014. Since then, the Adjusted Closing Price decreased to the short-term lowest level of HK\$0.66 on 9 March 2015.

The trading price of the Shares was then on an upward trend despite the publication by the Company of an announcement for profit warning on 12 March 2015 and the loss-making annual results of the Company on 27 March 2015. The Adjusted Closing Price reached its short-term highest of HK\$1.70 on 4 May 2015. After that, the Adjusted Closing Price dropped gradually to HK\$0.38 on 8 July 2015. On 9 July 2015, the Adjusted Closing Price suddenly increased substantially to HK\$0.63, representing an increase of approximately 66% as compared to the previous trading day. Trading of Shares in the Stock Exchange was halted during 10-12 July 2015. On 12 July 2015, the Company announced that it entered into a share subscription agreement on 9 July 2015 (after trading hours) to subscribe for 1,400,000,000 ordinary shares of GC at the consideration of HK\$140 million. The subscription shares represent approximately 163.18% of the issued share capital of GC as at the date of the share subscription agreement and approximately 28.82% of the enlarged issued share capital of GC. The Adjusted Closing Price then increased gradually to HK\$0.76 on 16 July 2015.

LETTER FROM HERCULES CAPITAL

Following the publication of a voluntary announcement that the Group was in the process of applying to the SFC for a license to carry out Type 1 (Dealing in Securities) regulated activities and the Group's intention to diversify its business so as to enable the Group to improve its financial performance, the Adjusted Closing Price increased to HK\$0.88 on 17 July 2015. Since then, the Adjusted Closing Price decreased steadily to HK\$0.54 on 18 August 2015, being the last trading day for the Shares immediately prior to the date of the announcement for the Original Open Offer. Subsequent to the Company's announcement for the Original Open Offer on 19 August 2015, the Adjusted Closing Price further decreased to HK\$0.258 on 25 August 2015, being the date on which the Company announced that there would be a possible revision to the terms of the Original Open Offer due to the volatile market condition. The Adjusted Closing Price fluctuated between HK\$0.236 and HK\$0.322 during the period from 26 August 2015 to the Last Trading Day. On 9 September 2015, the Company announced the revised terms of the Open Offer and the Adjusted Closing Price was HK\$0.316 on the Latest Practicable Date.

We have also reviewed the historical trading volume of the Shares during the Review Period. The average daily trading volume of the Shares, the percentages of daily trading volume of the Shares as compared to the total number of issued Shares and the Shares held by the public during the Review Period are shown in Table 1 below.

Table 1 – Historical average daily trading volume of the Shares

Month	Average daily trading volume	% of average daily trading volume to the total number of Shares (Note 1)	% of average daily trading volume to the total number of Shares in public hands (Note 2)
2014			
August ^(Note 3)	2,789,500	0.1313%	0.1316%
September	60,885,890	2.8659%	2.8733%
October	53,697,545	2.5275%	2.5341%
November	40,831,380	1.9219%	1.9269%
December	28,091,236	1.3222%	1.3257%

LETTER FROM HERCULES CAPITAL

Month	Average daily trading volume	% of average daily trading volume to the total number of Shares (Note 1)	% of average daily trading volume to the total number of Shares in public hands (Note 2)
2015			
January	22,460,952	1.0572%	1.0600%
February	8,409,333	0.3958%	0.3969%
March	48,007,547	2.2597%	2.2656%
April	66,398,853	3.1254%	3.1335%
May	37,605,263	1.7701%	1.7747%
June	25,296,867	1.1907%	1.1938%
July ^(Note 4)	21,897,636	1.0307%	1.0334%
August	16,860,095	0.7936%	0.7957%
September	17,383,000	0.8182%	0.8203%
October	51,834,500	2.4398%	2.4462%
November ^(Note 5)	18,256,000	0.8593%	0.8615%

Source: the website of the Stock Exchange

Notes:

1. Calculated based on 2,124,515,172 Shares in issue as at the date of the Supplemental Underwriting Agreement.
2. Calculated based on 2,119,015,172 Shares held in public hands as at the date of the Supplemental Underwriting Agreement.
3. Represents trading volume for the period from 20 August 2014 to 31 August 2014.
4. The trading of the Shares was suspended during the period from 10 July 2015 to 12 July 2015 pending for the publication of the announcement in relation to share subscription in GC.
5. Represents trading volume for the period from 1 November 2015 to the Latest Practicable Date.

LETTER FROM HERCULES CAPITAL

Table 1 demonstrates that during the Review Period, the average daily trading volume of the Shares were in the range of approximately 0.1313% to 3.1254% as to the total number of issued Shares as at the date of the Supplemental Underwriting Agreement and approximately 0.1316% to 3.1335% as to the total number of Shares held in public hands as at the date of the Supplemental Underwriting Agreement. The above statistics revealed that the liquidity of the Shares was relatively low.

To further evaluate the fairness and reasonableness of the Open Offer, we also considered a broad comparison of open offers conducted by other companies listed on the main board and the Growth Enterprise Market of the Stock Exchange. Based on the information available from the Stock Exchange's website, we have reviewed, so far as we are aware of, all the open offers announced by the companies listed on the main board or Growth Enterprise Market of the Stock Exchange, save for the open offers announced by the companies which have been suspended in trading for more than 3 months preceding the dates of the respective announcements in relation to the open offer transactions (the "**Comparables**") during the period from 20 May 2015, being 3 months immediately preceding the Last Trading Day, to the Latest Practicable Date (the "**Comparable Period**"), which is considered to be exhaustive for comparison purposes. Having considered the recent volatility of the Hong Kong stock market and that the Comparable Period is reasonably long enough to (i) reflect the prevailing market conditions and sentiments in the Hong Kong stock market; (ii) include sufficient number of transactions for comparison purposes; and (iii) allow the Shareholders to have a general understanding of the recent open offer transactions being conducted in the Hong Kong stock market, we considered that the Comparable Period is adequate.

Given that the terms of open offers of the Comparables were determined under similar market conditions and sentiments as those when the terms of the Open Offer were determined and reflect the recent trend of the open offer transactions in the market, we are of the opinion that the Comparables are fair and representative samples for comparison purposes. We noted that the principal businesses of the Comparables are not directly comparable to those carried on by the Company. However, we consider that an industry comparison would not be relevant as more emphasis would be put on other factors such as size of funds to be raised, market conditions, share price and financial conditions of the company at the time when the terms of open offers are determined. Details of the trading statistics of the Comparables are summarized in Table 2 below:

LETTER FROM HERCULES CAPITAL

Table 2 – Trading statistics of the Comparables

Company name (stock code)	Date of announcement (DD/MM/YYYY)	Basis of entitlement	Premium/(discount) of subscription price over/(to)		Commission rate %	Maximum dilution %	Excess application Yes/No
			the closing price on the last trading day %	the theoretical ex-entitlement price %			
National United Resources Holdings Limited (254)	22/05/2015	1 for 2	(53.6)	(43.5)	1.5	33.3	No
Wealth Glory Holdings Limited (8269)	22/05/2015	1 for 2	(34.0)	(25.5)	3.0	33.3	No
Apac Resources Limited (1104)	27/05/2015	1 for 2	(50.7)	(40.7)	2.0	33.3	Yes
New City Development Group Limited (456)	03/06/2015	1 for 4	(24.3)	(20.5)	0.0	20.0	No
China National Culture Group Limited (745)	08/06/2015	1 for 1	(76.4)	(61.8)	2.0	50.0	No
Tai Shing International (Holdings) Limited (8103)	17/06/2015	1 for 2	(59.7)	(49.7)	3.0	33.3	No
Wuling Motors Holdings Limited (305)	18/06/2015	1 for 5	(15.7)	(13.4)	0.0	16.7	Yes
IRC Limited (1029)	29/06/2015	4 for 15	(38.2)	(32.8)	5.0	21.1	No
Fujian Holdings Limited (181)	29/06/2015	1 for 2	(59.6)	(49.4)	2.5	33.3	Yes
Sau San Tong Holdings Limited (8200)	07/07/2015	1 for 1	(12.3)	(6.5)	2.5	50.0	No
Tai Shing International (Holdings) Limited (8103)	14/07/2015	1 for 2	(43.6)	(34.0)	3.0	33.3	No
Wealth Glory Holdings Limited (8269)	17/07/2015	1 for 2	(31.8)	(23.6)	3.0	33.3	No
China Environmental Resources Group Limited (1130)	17/07/2015	1 for 2	(41.4)	(32.1)	2.0	33.3	No
Ding He Mining Holdings Limited (705)	21/07/2015	1 for 2	(55.0)	(44.8)	2.5	33.3	No
China 33 Media Group Limited (8087)	24/07/2015	7 for 1	(75.6)	(28.6)	1.5	87.5	No
Golden Meditech Holdings Limited (801)	27/07/2015	1 for 2	(7.4)	(4.8)	2.0	33.3	Yes
International Standard Resources Holdings Limited (91)	30/07/2015	1 for 4	(34.1)	(29.3)	2.5	20.0	Yes
U-Home Group Holdings Limited (2327)	04/08/2015	1 for 2	(17.5)	(12.4)	1.7 <i>(Note)</i>	33.3	Yes
Neo Telemedia Limited (8167)	11/08/2015	1 for 2	(77.5)	(69.7)	1.5	33.3	No
Huilii Resources (Group) Limited (1303)	12/08/2015	1 for 2	(57.3)	(47.2)	3.4	33.3	Yes
Lerado Group (Holding) Company Limited (1225)	14/08/2015	3 for 1	(68.1)	(34.8)	2.0	75.0	No
Group Sense (International) Limited (601)	20/08/2015	1 for 1	(44.4)	(28.6)	1.0	50.0	Yes

LETTER FROM HERCULES CAPITAL

Company name (stock code)	Date of announcement (DD/MM/YYYY)	Basis of entitlement	Premium/(discount) of subscription price over/(to)		Commission rate %	Maximum dilution %	Excess application Yes/No
			the closing price on the last trading day %	the theoretical ex-entitlement price %			
Legend Strategy International Holdings Group Company Limited (1355)	28/08/2015	1 for 4	(36.5)	(31.6)	1.5	20.0	No
Megalogic Technology Holdings Limited (8242)	01/09/2015	3 for 1	(29.8)	(9.5)	3.0	75.0	No
Flying Financial Service Holdings Limited (8030)	07/09/2015	1 for 2	(48.1)	(38.2)	2.5	33.3	Yes
Kingwell Group Limited (1195)	08/09/2015	1 for 9	(46.7)	(44.1)	3.0	10.0	No
China Investment and Finance Group Limited (1226)	09/09/2015	8 for 1	(64.8)	(16.9)	1.5	88.9	No
eForce Holdings Limited (943)	16/09/2015	4 for 1	(61.6)	(24.3)	3.0	80.0	Yes
Zhi Cheng Holdings Limited (8130)	02/10/2015	1 for 2	(77.8)	(70.0)	4.0	33.3	No
Shihua Development Company Limited (485)	07/10/2015	4 for 1	(82.5)	(48.6)	2.0	80.0	No
Ausnutria Dairy Corporation Limited (1717)	28/10/2015	1 for 10	6.3	5.8	0.0	9.1	Yes
Merry Garden Holdings Limited (1237)	30/10/2015	1 for 2	(29.8)	(9.8)	1.0	33.3	No
UDL Holdings Limited (620)	02/11/2015	2 for 5	(6.1)	(4.3)	0.0	28.6	Yes
Maximum			6.3	5.8	5.0	88.9	
Minimum			(82.5)	(70.0)	0.0	9.1	
Average			(44.1)	(31.1)	2.1	39.8	
the Company (205)	09/09/2015	5 for 1	(68.0)	(25.9)	2.0	83.3	No

Source: the website of the Stock Exchange

Note: Various commission rates were offered by the underwriters of the open offer. The weighted average commission rate of approximately 1.7% was used for comparison purposes.

We noted from Table 2 that 32 out of 33 of the Comparables had set the subscription price of their open offers at a discount to the prevailing market price of the relevant shares before the relevant announcements in respect of the open offers were made. We consider, therefore, it is a normal market practice for companies to set the subscription price of open offers at a discount to the prevailing market price of the relevant shares so as to encourage the shareholders to participate in the open offers.

As illustrated in Table 2, the subscription prices of the Comparables were set in the range from a discount of approximately 82.5% to a premium of approximately 6.3% to/over their respective closing prices as quoted on the last trading day prior to

LETTER FROM HERCULES CAPITAL

the date of the relevant open offer announcements. The discount of approximately 67.95% of the Subscription Price to the Adjusted Closing Price on the Last Trading Day falls within the range of those of the Comparables and it is higher than the average discount of the Comparables of approximately 44.1%.

The subscription prices of the Comparables represent a range from a discount of approximately 70.0% to a premium of approximately 5.8% to/over their respective theoretical ex-entitlement prices as quoted on the last trading day prior to the date of the relevant open offer announcements. The discount of approximately 25.93% of the Subscription Price to the theoretical ex-entitlement prices of the Shares on the Last Trading Day falls within the range of those of the Comparables and it is lower than the average discount of the Comparables of approximately 31.1%.

We have discussed with the management of the Company whether they have considered other alternative structures for the Open Offer, such as lowering the allotment ratio, and the Directors are of the view that in the event that the Subscription Price is increased and the allotment ratio is lowered, the attractiveness of the Qualifying Shareholders to subscribe for the Offer Shares will likely decrease. In addition, in the course of discussions with potential underwriters for the Open Offer, the Company was advised that a relatively deep discount of the Subscription Price to the closing price is necessary to induce an underwriter to participate in the underwriting of the Underwritten Shares, which is an essential part of the Open Offer. Given that a deep discount of the Subscription Price and the basis of five Offer Shares for every one New Share (i) can provide an incentive for the Qualifying Shareholders to subscribe for the Offer Shares and the Company has funding needs to raise such amount of proceeds to finance the development of the Group; (ii) can induce the Underwriter to participate in the underwriting of the Underwritten Shares; and (iii) the discount effects of the Subscription Price to the Adjusted Closing Price on the Last Trading Day and the theoretical ex-entitlement price and the dilution effect of the Open Offer fall within the respective ranges of the Comparables, we concur with the view of the Directors that the current structure of the Open Offer is fair and reasonable although the discount effect of the Subscription Price to the Adjusted Closing Price on the Last Trading Day and the dilution effect are higher than the average of the Comparables.

Based on the above analysis and the facts that (i) the Shares were traded above the Subscription Price throughout the Review Period; (ii) the liquidity in trading of the Shares was thin during the Review Period; (iii) the Group recorded consolidated loss for the year ended 31 December 2014; (iv) it is common for the listed companies in Hong Kong to set the subscription price of open offers at a discount to the market price in order to enhance the attractiveness of the open offer transactions; (v) the discounts of the Subscription Price to the Adjusted Closing Price on the Last Trading Day and to the theoretical ex-entitlement price fall within the range of the

LETTER FROM HERCULES CAPITAL

Comparables; (vi) the interest of the Qualifying Shareholders will not be prejudiced by the discount of the Subscription Price as long as they are offered with an equal opportunity to participate in the Open Offer and subscribe for the Offer Shares; (vii) no positive feedback was received from three other underwriters approached by the Company for the underwriting of the Open Offer; and (viii) the Subscription Price was arrived at after arm's length negotiation between the Company and the Underwriter and the current structure of the Open Offer can induce the Underwriter to participate in the underwriting of the Underwritten Shares, we consider that a deep discount on the Subscription Price may encourage the Qualifying Shareholders to participate in the Open Offer and is justifiable and the Subscription Price is on normal commercial term and is fair and reasonable so far as the Independent Shareholders are concerned.

3.6.3 No Application for Excess Offer Shares

As stated in the Letter from the Board contained in the Circular, having considered that the Open Offer will give the Qualifying Shareholders an equal and fair opportunity to maintain their respective pro rata shareholding interests in the Company and the Company shall incur additional effort and costs, which was estimated by the Company to be approximately HK\$100,000, to administer the excess application procedures if application of excess Offer Shares is made available to the Qualifying Shareholders, no excess Offer Shares will be offered to the Qualifying Shareholders and any Offer Share not subscribed by the Qualifying Shareholders will be taken up by the Underwriter.

As set out in Table 2, 21 out of 33 Comparables did not offer excess application for their open offers. Given the arrangement of application for excess Offer Shares was absent in a majority number of open offers of the Comparables, we consider that the arrangement of no application for excess Offer Shares is a common market practice and the Company's arrangement is in line with the common market practice.

Although the absence of excess application arrangement may not be desirable from the point of view of those Qualifying Shareholders who wish to take up additional Offer Shares in excess of their assured entitlements, we consider that the absence of arrangement for application for excess Offer Shares, on balance, is acceptable and equitable so far as the Independent Shareholders are concerned given that (i) the Open Offer allows the Qualifying Shareholders to exercise their rights to subscribe for the Offer Shares with a fair chance; (ii) the Qualifying Shareholders who choose to accept their respective entitlements under the Open Offer in full can maintain their respective existing shareholdings in the Company after the Open Offer; (iii) the arrangement of excess application would increase the administrative costs of the Open Offer to the Company; and (iv) such arrangement is in line with common market practice.

LETTER FROM HERCULES CAPITAL

3.7 Underwriting Arrangement

Pursuant to the Underwriting Agreement (as supplemented and amended by the Supplemental Underwriting Agreement), the Underwriter has conditionally agreed to underwrite the Offer Shares not subscribed by the Qualifying Shareholders on a fully underwritten basis, being not less than 5,311,287,930 Offer Shares and not more than 5,320,787,930 Offer Shares, subject to the terms and conditions of the Underwriting Agreement (as supplemented and amended by the Supplemental Underwriting Agreement). The Underwriter shall procure that any subscriber procured by them shall be Independent Third Party and shall not become Substantial Shareholders holding 10% or more shareholding in the Company immediately after completion of the Open Offer.

The Company shall pay the Underwriter a commission of 2.0% of the aggregate Subscription Price in respect of the maximum number of Offer Shares underwritten by the Underwriter as determined on the Record Date. The commission rate was determined after arm's length negotiation between the Company and the Underwriter by reference to the market rate, the size of the Open Offer and the current and expected market condition.

As illustrated in Table 2, the underwriting commission of 2.0% to be charged by the Underwriter under the Underwriting Agreement (as supplemented and amended by the Supplemental Underwriting Agreement) falls within the range of the Comparables of nil to 5.0% and is lower than the average commission rate of the Comparables of approximately 2.1%. Accordingly, we are of the view that the underwriting commission is fair and reasonable and in the interests of the Company and the Shareholders as a whole.

We were given to understand that the Underwriter has agreed to ensure that at least 25% of the total issued share capital of the Company would be held by the public at all times such that the public float requirements under Rules 8.08 of the Listing Rules would be complied with by the Company after the Open Offer. In the event that there is insufficient public float of the Company within the meaning of the Listing Rules immediately upon completion of the Open Offer solely because of the Underwriter's performance of its obligations pursuant to the Underwriting Agreement (as supplemented and amended by the Supplemental Underwriting Agreement), the Underwriter agrees to take such appropriate steps as may be reasonably required to maintain the minimum public float for the Shares in compliance with Rule 8.08 of the Listing Rules and the Underwriter will use its best endeavours to ensure that the subscribers and/or sub-underwriters are (i) Independent Third Parties; and (ii) will not hold 10% or more of the equity interest and voting rights in the Company upon completion of the Open Offer. The Underwriter will also ensure that at least 25% of the total issued capital of the Company would be held by the public at all times such that the public float requirements under Rule 8.08 of the Listing Rules would be complied with by the Company.

LETTER FROM HERCULES CAPITAL

We have discussed with the management of the Company and were advised that the Underwriter has entered into sub-underwriting agreements with two individual sub-underwriters, all being Independent Third Parties, to subscribe for an aggregate of 540,000,000 Offer Shares on 28 October 2015 and none of them will hold 10.0% or more of the equity interest and voting rights in the Company upon completion of the Open Offer. We have reviewed the sub-underwriting agreements and noted that one of the sub-underwriters has agreed to take up a maximum of 250,000,000 Offer Shares while another sub-underwriter has agreed to take up a maximum of 290,000,000 Offer Shares, representing approximately 3.92% and 4.54% of the entire issued share capital of the Company as enlarged by the issue of the Offer Shares respectively. Given that each of the sub-underwriters will hold less than 5% equity interest of the Company upon completion of the Open Offer, they will be considered as public Shareholders. With the above-mentioned sub-underwriting arrangements, we believe that the Company shall be able to meet the minimum public float requirement under the Listing Rules as at least 25% of the total issue share capital of the Company will be held by public Shareholders in all circumstances upon completion of the Open Offer.

It should also be noted that the Open Offer will not proceed if the Underwriter exercises its termination rights under the Underwriting Agreement (as supplemented and amended by the Supplemental Underwriting Agreement). Details of the provisions granting the Underwriter such termination rights are set out in the Termination of the Underwriting Agreement contained in the Circular. We have reviewed the announcement of the Comparables and consider such termination provisions are on normal commercial terms and in line with the market practice.

3.8 Dilution Effect of the Open Offer on Shareholding Interests

All Qualifying Shareholders are entitled to subscribe for the Offer Shares. For those Qualifying Shareholders who take up their full entitlements under the Open Offer, their shareholding interests in the Company will remain unchanged after the Open Offer. Qualifying Shareholders who do not take up the Offer Shares to which they are entitled should note that their shareholdings in the Company will be diluted upon completion of the Open Offer. As at the Latest Practicable Date, the existing public Shareholders held approximately 99.74% of the total issued share capital of the Company. Upon completion of the Open Offer (assuming none of the Offer Shares are subscribed for by the Qualifying Shareholders), the shareholding of the existing public Shareholders will be diluted to approximately 16.62%.

As set out in Table 2, the maximum dilution of the Comparables ranging from approximately 9.1% to approximately 88.9% with an average dilution of approximately 39.8%. For those Qualifying Shareholders who do not take up their full entitlements under the Open Offer, depending on the extent to which they subscribe for the Offer Shares, their

LETTER FROM HERCULES CAPITAL

shareholding interests in the Company upon completion of the Open Offer will be diluted by up to a maximum of approximately 83.3%, which falls within the range, but higher than the average, of the Comparables.

In all cases of open offers, the dilution on the shareholding of those qualifying shareholders who do not take up in full their assured entitlements under the open offers is inevitable. In fact, the dilution magnitude of any open offer depends mainly on the extent of the basis of entitlement under such exercise since the higher offering ratio of new shares to existing shares is, the greater the dilution on the shareholding would be.

Having considered (i) the dilution effect is not prejudicial as all Qualifying Shareholders are offered an equal opportunity to participate in the enlargement of the capital base of the Company and the Independent Shareholders' interests in the Company will not be diluted if they elect to exercise their full entitlements under the Open Offer; (ii) shareholding dilution is inherent in open offers in general; and (iii) the positive impact on the financial position of the Group as a result of the Open Offer as detailed in section "3.9 Financial Effects" below, we are of the view that the potential dilution effect on the shareholding which may only happen to the Qualifying Shareholders who decide not to accept the Open Offer is justifiable.

3.9 Financial Effects

It should be noted that the analysis below is for illustrative purpose only and does not purport to represent how the financial position of the Group will be upon completion of the Open Offer.

3.9.1 Net Tangible Asset

According to the unaudited pro forma financial information of the Group as set out in Appendix II to the Circular, had the Open Offer been completed on 30 June 2015, the unaudited consolidated net tangible assets of the Group attributable to the Shareholders would have increased from approximately HK\$452.9 million to approximately HK\$972.1 million immediately after the completion of the Open Offer.

3.9.2 Cash and Bank Balances

Upon completion of the Open Offer, the cash and bank balances of the Group will increase by an amount equivalent to the net proceeds of the Open Offer, which is estimated to be approximately HK\$519 million.

LETTER FROM HERCULES CAPITAL

3.9.3 Gearing

The Open Offer shall increase the total assets of the Group without bringing any change to the total liabilities. As such, the gearing ratio of the Group, as expressed as the ratio of total liabilities to total assets, would decrease after the Open Offer.

Based on the above analysis, we are of the view that the Open Offer would have a positive effect on the Group's net tangible assets, cash position and gearing.

4. RECOMMENDATION

Having considered the abovementioned principal factors and reasons, we consider that the terms of the Open Offer are on normal commercial terms, fair and reasonable so far as the Independent Shareholders are concerned and in the interests of the Company and the Shareholders as a whole. Accordingly, we recommend the Independent Board Committee to advise the Independent Shareholders, as well as the Independent Shareholders, to vote in favour of the resolution to approve the Open Offer at the SGM.

Yours faithfully,
For and on behalf of
Hercules Capital Limited

Louis Koo
Managing Director

Amilia Tsang
Director

Notes:

1. Mr. Louis Koo is a licensed person under the SFO to engage in Type 6 (advising on corporate finance) regulated activities and has over 20 years of experience in investment banking and corporate finance.
2. Ms. Amilia Tsang is a licensed person under the SFO to engage in Type 6 (advising on corporate finance) regulated activities and has over 15 years of experience in corporate finance, investment and corporate management.

1. THREE-YEAR FINANCIAL INFORMATION

The audited consolidated financial statement of the Group for the years ended 31 December 2012, 31 December 2013 and 31 December 2014 are published in the annual reports of the Company for the years ended 31 December 2012 (pages 21 to 23), 31 December 2013 (pages 19 to 23) and 31 December 2014 (pages 21 to 25) respectively. The Company's interim report for the six months ended 30 June 2015 was published on 27 August 2015. The aforesaid annual reports and interim report of the Company are published on both the website of the Stock Exchange (www.hkex.com) and the website of the Company (<http://www.seec-media.com.hk>). Please refer to the hyperlinks as stated below:

2012 annual report:

<http://www.hkexnews.hk/listedco/listconews/SEHK/2013/0327/LTN20130327775.pdf>

2013 annual report:

<http://www.hkexnews.hk/listedco/listconews/SEHK/2014/0327/LTN20140327388.pdf>

2014 annual report:

<http://www.hkexnews.hk/listedco/listconews/SEHK/2015/0402/LTN20150402713.pdf>

2015 interim report:

<http://www.hkexnews.hk/listedco/listconews/SEHK/2015/0827/LTN20150827225.pdf>

2. INDEBTEDNESS STATEMENT

At the close of business on September 30, 2015, being the latest practicable date for the purpose of this indebtedness statement prior to the printing of this Circular, the Group had outstanding unsecured and unguaranteed borrowings:

	<i>HK\$'000</i>
(i) Amounts due to related companies	8,964
(ii) Amount due to a joint venture	192
(iii) Amount due to a shareholder	<u>110,307</u>
Total	<u><u>119,463</u></u>

Save as aforesaid or as otherwise disclosed herein, and apart from intra-group liabilities and normal accounts payable in the ordinary course of business, the Group did not have any other loan capital issued and outstanding or agreed to be issued but unissued, bank overdrafts, loans or other similar indebtedness, liabilities under acceptances or acceptance credits, debentures, mortgages, charges, finance lease or hire purchases commitments, guarantees or other material contingent liabilities as at the close of business on September 30, 2015.

3. WORKING CAPITAL

The Directors are of the opinion that, after taking into account the financial resources available to the Group and the estimated net proceeds from the Open Offer, the Group will have sufficient working capital to satisfy its requirements for the next twelve months from the date of this Circular in the absence of unforeseeable circumstances.

4. MATERIAL ADVERSE CHANGE

The Directors are not aware of any material adverse change in the financial or trading position of the Group since 31 December 2014, being the date to which the latest published audited consolidated accounts of the Group were made up, up to and including the Latest Practicable Date.

5. FINANCIAL AND TRADING PROSPECT OF THE GROUP

The Group is principally engaged in the provision of advertising agency services, distribution of books and magazines in the PRC and securities trading in Hong Kong.

Caijing Magazine, being the Group's flagship magazine, continued to maintain its leading position in the finance sector of the print media advertising industry in China. However, the revenue generated from Caijing Magazine has decreased in 2014. The Board believes that the future advertising market will be an integrated market with the combination of mobile internet advertising and traditional print advertising. With the emergence of mobile internet, a growing number of media businesses would probably transform into fully integrated entities with various communication channels to capture their customers. In order to save resources for future new business development, the Group aborted the loss-making "Autocar" magazine.

Being impacted by the slowdown of economic growth in China and keen competition from internet media, traditional advertising industry in China faced a recession and negative growth in 2014. The Group intends to explore the e-commerce sector and to develop diversified e-commerce services through leveraging the existing loyal customers' base that has accumulated over the year. As disclosed in the announcement of the Company dated 10 August 2015, a direct wholly-owned subsidiary of the Company has entered into a memorandum of understanding to purchase not less than 51% equity interest in a company principally engaged in the development and operation of e-commerce platform.

In addition, the Board is of the view that licensed corporations with Type 1, Type 4, Type 6 and Type 9 licenses are expected to benefit from the increase of equity fund raising activities in Hong Kong. Accordingly, the Company has engaged the Consultant, to assist in its application for Type 1, Type 4, Type 6 and Type 9 license applications. To further diversify the Group's business opportunities and to improve the Group's financial performance, the Group has applied to the SFC for a license to carry out Type 1 (dealing in securities) regulated activity. Subject to the approval by the SFC, it is the Group's intention to be involved in share placements and underwriting activities of its clients.

UNAUDITED PRO FORMA STATEMENT OF ADJUSTED CONSOLIDATED NET
TANGIBLE ASSETS OF THE GROUP

The unaudited pro forma statement of adjusted consolidated net tangible assets of the Group (the “**Unaudited Pro Forma Financial Information**”) has been prepared by the Directors in accordance with Paragraph 4.29 of the Listing Rule to illustrate the effect of the proposed Open Offer on the unaudited consolidated net tangible assets of the Group attributable to the owners of the Company as if the Open Offer had taken place on June 30, 2015.

The Unaudited Pro Forma Financial Information is prepared for illustrative purposes only, and because of its hypothetical nature, it may not give a true picture of the unaudited consolidated net tangible assets of the Group attributable to owners of the Company had the Open Offer been completed as at June 30, 2015 or at any future date.

The Unaudited Pro Forma Financial Information is prepared based on the consolidated net tangible assets of the Group attributable to owners of the Company derived from the consolidated statement of financial position of the Group as at June 30, 2015 as extracted from the interim report of the Company for the six months ended June 30, 2015, after incorporating the adjustments described in the accompanying notes.

Unaudited consolidated net tangible assets of the Group attributable to the owners of the Company as at June 30, 2015 <i>HK\$'000</i> <i>(Note 1)</i>	Estimated net proceeds from the Open Offer <i>HK\$'000</i> <i>(Note 2)</i>	Unaudited pro forma adjusted consolidated net tangible assets of the Group attributable to the owners of the Company immediately after the completion of the Open Offer <i>HK\$'000</i>
<u>452,866</u>	<u>519,246</u>	<u>972,112</u>
		<i>HK cents</i>

Unaudited consolidated net tangible assets of the Group attributable to the owners of the Company per Share as at June 30, 2015 before the completion of the Open Offer <i>(Note 3)</i>	<u>42.63</u>
---	--------------

Unaudited pro forma adjusted consolidated net tangible assets of the Group attributable to the owners of the Company per Share as at June 30, 2015 immediately after the completion of the Open Offer <i>(Note 4)</i>	<u>15.25</u>
---	--------------

Notes:

1. The unaudited consolidated net tangible assets attributable to the owners of the Company as at June 30, 2015 of approximately HK\$452,866,000 represents the net assets attributable to owners of the Company of approximately HK\$605,613,000, deducting sole agency rights attributable to the owners of the Company of approximately HK\$53,354,000 and goodwill of the Company of approximately HK\$99,393,000, as extracted from the unaudited consolidated statement of financial position of the Group as at June 30, 2015 which is set out on Appendix I of this Circular.
2. The estimated net proceeds from the Open Offer of approximately HK\$519,246,000 are based on 5,311,287,930 Offer Shares to be issued (assuming no outstanding Share Options would be exercised and no Shares would be repurchased by the Company on or before the Record Date) at the Subscription Price of HK\$0.10 per Offer Share and after deduction of estimated related expenses, including among others, financial advisory fee and other professional fees, which are directly attributable to the Open Offer, of approximately HK\$11,883,000.

The Open Offer is conditional upon the completion of Share Consolidation and Capital Reduction as defined in this Circular, and therefore, the number of Shares for the purpose of preparing this pro forma financial information has been taken into account of these.

The 5,311,287,930 Offer Shares were calculated based on 1,062,257,586 New Shares and the basis of five Offer Shares for every one New Share. The 1,062,257,586 New Shares represents 2,124,515,172 Shares in issue as at June 30, 2015 after adjusting for (i) the proposed Share Consolidation which involves the consolidation of every two issued Shares of nominal value of HK\$0.10 each into one Consolidated Share of nominal value of HK\$0.20 each and (ii) the proposed Capital Reduction of nominal value. Details of Share Consolidation and Capital Reduction are set out in circular of the Company dated September 18, 2015.

3. The unaudited consolidated net tangible assets of the Group attributable to the owners of the Company per Share as at June 30, 2015 before the completion of the Open Offer is determined based on the unaudited consolidated net tangible assets of the Group attributable to the owners of the Company as at June 30, 2015 of approximately HK\$452,866,000 as disclosed in note 1 above, divided by 1,062,257,586 New Shares as disclosed in note 2 above.
4. Unaudited pro forma adjusted consolidated net tangible assets of the Group attributable to the owners of the Company per Share as at June 30, 2015 immediately after the completion of the Open Offer is determined based on the unaudited pro forma adjusted consolidated net tangible assets of the Group attributable to the owners of the Company immediately after the completion of Open Offer of approximately HK\$972,112,000, divided by approximately 6,373,545,516 Shares, which represents 1,062,257,586 New Shares as stated in note 2 above and 5,311,287,930 Offer Shares to be issued pursuant to the Offer Share (assuming no outstanding Share Options would be exercised and no Shares would be repurchased by the Company during the period from July 1, 2015 to the Latest Practicable Date).
5. No adjustment has been made to reflect any trading results or other transactions of the Group subsequent to June 30, 2015.



**INDEPENDENT REPORTING ACCOUNTANTS' ASSURANCE REPORT ON THE
COMPILATION OF PRO FORMA FINANCIAL INFORMATION**

TO THE DIRECTORS OF SEEC MEDIA GROUP LIMITED

We have completed our assurance engagement to report on the compilation of pro forma financial information of SEEC Media Group Limited (the “**Company**”) and its subsidiaries (hereinafter collectively referred to as the “**Group**”) by the directors of the Company (the “**Directors**”) for illustrative purposes only. The pro forma financial information consists of the pro forma statement of adjusted consolidated net tangible assets of the Group attributable to the owners of the Company as at June 30, 2015 and related notes as set out on pages II-1 to II-2 of the Circular issued by the Company dated November 4, 2015 (the “**Circular**”) in connection with the proposed open offer on the basis of five (5) offer shares for every one (1) new share held on the record date at the subscription price of HK\$0.10 per offer share (the “**Open Offer**”). The applicable criteria on the basis of which the Directors have compiled the pro forma financial information are described on pages II-1 to II-2 of the Circular.

The pro forma financial information has been compiled by the Directors to illustrate the impact of the proposed Open Offer on the Group’s financial position as at June 30, 2015 as if the Open Offer had taken place at June 30, 2015. As part of this process, information about the Group’s financial position has been extracted by the Directors from the Group’s consolidated financial statements for the six months ended June 30, 2015, on which no audit or review report has been published.

Directors’ Responsibilities for the Pro Forma Financial Information

The Directors are responsible for compiling the pro forma financial information in accordance with paragraph 4.29 of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the “**Listing Rules**”) and with reference to Accounting Guideline 7 “Preparation of Pro Forma Financial Information for Inclusion in Investment Circulars” (“**AG 7**”) issued by the Hong Kong Institute of Certified Public Accountants (“**HKICPA**”).

Reporting Accountants' Responsibilities

Our responsibility is to express an opinion, as required by paragraph 4.29(7) of the Listing Rules, on the pro forma financial information and to report our opinion to you. We do not accept any responsibility for any reports previously given by us on any financial information used in the compilation of the pro forma financial information beyond that owed to those to whom those reports were addressed by us at the dates of their issue.

We conducted our engagement in accordance with Hong Kong Standard on Assurance Engagements (“**HKSAE**”) 3420 “Assurance Engagements to Report on the Compilation of Pro Forma Financial Information Included in a Prospectus” issued by the HKICPA. This standard requires that the reporting accountant comply with ethical requirements and plan and perform procedures to obtain reasonable assurance about whether the Directors have compiled the pro forma financial information in accordance with paragraph 4.29 of the Listing Rules and with reference to AG 7 issued by the HKICPA.

For purposes of this engagement, we are not responsible for updating or reissuing any reports or opinions on any historical financial information used in compiling the pro forma financial information, nor have we, in the course of this engagement, performed an audit or review of the financial information used in compiling the pro forma financial information.

The purpose of pro forma financial information included in an investment circular is solely to illustrate the impact of a significant event or transaction on unadjusted financial information of the Group as if the event had occurred or the transaction had been undertaken at an earlier date selected for purposes of the illustration. Accordingly, we do not provide any assurance that the actual outcome of the event or transaction at June 30, 2015 would have been as presented.

A reasonable assurance engagement to report on whether the pro forma financial information has been properly compiled on the basis of the applicable criteria involves performing procedures to assess whether the applicable criteria used by the Directors in the compilation of the pro forma financial information provide a reasonable basis for presenting the significant effects directly attributable to the event or transaction, and to obtain sufficient appropriate evidence about whether:

- The related pro forma adjustments give appropriate effect to those criteria; and
- The pro forma financial information reflects the proper application of those adjustments to the unadjusted financial information.

The procedures selected depend on the reporting accountants' judgment, having regard to the reporting accountants' understanding of the nature of the Group, the event or transaction in respect of which the pro forma financial information has been compiled, and other relevant engagement circumstances.

The engagement also involves evaluating the overall presentation of the pro forma financial information.

We believe that the evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Opinion

In our opinion:

- (a) the pro forma financial information has been properly compiled on the basis stated;
- (b) such basis is consistent with the accounting policies of the Group; and
- (c) the adjustments are appropriate for the purposes of the pro forma financial information as disclosed pursuant to paragraph 4.29(1) of the Listing Rules.

Deloitte Touche Tohmatsu
Certified Public Accountants
Hong Kong

November 4, 2015

1. RESPONSIBILITY STATEMENT

This Circular, for which the Directors collectively and individually accept full responsibility, includes particulars given in compliance with the Listing Rules for the purpose of giving information with regard to the Company. The Directors, having made all reasonable enquiries, confirm that to the best of their knowledge and belief the information contained in this Circular is accurate and complete in all material respects and not misleading or deceptive, and there are no other matters the omission of which would make any statement herein or in this Circular misleading.

2. SHARE CAPITAL

The authorised and issued share capital of the Company as at the Latest Practicable Date is as follows:

<i>Authorised:</i>	<i>HK\$</i>
<u>3,000,000,000</u> Shares	<u>300,000,000.0</u>

Issued and fully paid or credited as fully paid:

<u>2,124,515,172</u> Shares	<u>212,451,517.2</u>
-----------------------------	----------------------

The authorised and issued share capital of the Company upon the Increase in Authorised Share Capital becoming effective and immediately following completion of the Open Offer are as follows:

(i) Assuming no outstanding Share Options being exercised from the Latest Practicable Date up to the Record Date:

<i>Authorised:</i>	<i>HK\$</i>
<u>10,000,000,000</u> Shares	<u>1,000,000,000.0</u>

Issued and fully paid or credited as fully paid:

2,124,515,172	Shares as at the Latest Practicable Date	212,451,517.2
1,062,257,586	New Shares upon completion of the Capital Reorganisation	106,225,758.6
<u>5,311,287,930</u>	Offer Shares to be allotted and issued pursuant to the Open Offer	<u>531,128,793.0</u>
<u>6,373,545,516</u>	New Shares in issue immediately upon completion of the Open Offer	<u>637,354,551.6</u>

(ii) Assuming the outstanding Share Options are exercised in full from the Latest Practicable Date up to the Record Date:

<i>Authorised:</i>		<i>HK\$</i>
<u>10,000,000,000</u>	Shares	<u>1,000,000,000.0</u>
<i>Issued and fully paid or credited as fully paid:</i>		
2,128,315,172	Shares as at the Latest Practicable Date	212,831,517.2
1,064,157,586	New Shares upon completion of the Capital Reorganisation	106,415,758.6
<u>5,320,787,930</u>	Offer Shares to be allotted and issued upon exercise of the outstanding Share Options in full	<u>532,078,793.0</u>
<u>6,384,945,516</u>	New Shares in issue immediately upon completion of the Open Offer	<u>638,494,551.6</u>

As at the Latest Practicable Date, there are outstanding Share Options to subscribe for an aggregate of 3,800,000 Existing Shares, which are adjusted to be 1,900,000 New Shares upon completion of the Capital Reorganisation. The holders of the outstanding Share Options of the Company as at the Latest Practicable Date are as follows:

Holders	Date of grant	Exercise Price	Exercise Period	Outstanding	Outstanding
				Share Options immediately after the Capital Reorganisation becoming effective	Share Options as at the Latest Practicable Date
Mr. Li Shijie (Note)	29/10/2008	0.268	29/10/2011 to 28/10/2016	850,000	1,700,000
Other employees in aggregate	16/12/2009	0.247	16/12/2012 to 15/12/2017	1,050,000	2,100,000

Note:

Mr. Li Shijie resigned as executive Director of the Company on 23 May 2014.

As at the Latest Practicable Date, save for the outstanding Share Options, the Company has no outstanding convertible securities, options or warrants in issue which confer any right to subscribe for, convert or exchange into Shares.

No capital of any member of the Group was under option, or agreed conditionally or unconditionally to be put under option as at the Latest Practicable Date. All Offer Shares, when allotted and issued, shall rank *pari passu* with each other and in all respects with each other in all respects including rights to dividends, voting and return of capital. There is no arrangement under which future dividends will be waived or agreed to be waived.

The issued Shares are listed and traded on Stock Exchange. None of the securities of the Company is listed, or dealt in, on any other exchange, nor is any listing of or permission to deal in the securities of the Company being, or proposed to be, sought on any other stock exchange.

3. DISCLOSURE OF INTERESTS

(a) Directors

i. Directors' interests in the Company

Save as disclosed below, as at the Latest Practicable Date, none of the Directors and chief executives had interests and short positions in the Shares, the underlying Shares and/or the debentures (as the case may be) of the Company or any its associated corporations (within the meaning of the SFO) which were required to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions which any such Director or chief executive is taken or deemed to have under such provisions of the SFO) or which were required to be entered into the register required to be kept by the Company under section 352 of the SFO or which were otherwise required to be notified to the Company and the Stock Exchange pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers set out in the Listing Rules:

Long positions in the Shares and underlying Shares of the Company

Name of Director	Nature of interest	Number of Shares held	Percentage of issued share capital of the Company as at the Latest Practicable Date (%)
Mr. Dai Xiaojing	Beneficial owner	2,500,000	0.12
Mr. Wang Boming	Beneficial owner	1,500,000	0.07
Mr. Zhang Zhifang	Beneficial owner	1,500,000	0.07

ii. Directors' interests in service contracts

No Director proposed for re-election at the forthcoming annual general meeting has a service contract with the Company or any of its subsidiaries which is not determinable by the Group within one year without payment of compensation (other than statutory compensation).

The term of office of each non-executive Director is the period up to his retirement by rotation in accordance with the Company's Articles of association.

iii. Directors' interests in assets

Several wholly-owned subsidiary companies of the Group had entered into three-year leases and rented office space in December 2012 from 上海聯辦投資發展有限公司 (Shanghai SEEC Investment and Development Corporation*) (“**Shanghai SEEC**”), a limited liability company established under the laws of the PRC. These leases constituted continuing connected transactions duly announced, reviewed annually and reported in the Company's annual reports.

Shanghai SEEC is currently owned as to 41% by 北京聯誠投資諮詢有限公司 (Beijing Liancheng Investment Consultant Co., Ltd.*) (“**Beijing Liancheng I&C**”) and as to 59% by 北京聯證信息科技有限公司 (Beijing Lianzheng Information & Technology Co., Ltd.*) (“**Beijing Lianzheng**”).

Beijing Liancheng I&C is a limited liability company established under the laws of the PRC which is currently owned as to 25% each by three executive Directors of the Company, namely Mr. Wang Boming, Mr. Zhang Zhifang and Mr. Dai Xiaojing.

Beijing Lianzheng is a limited liability company established under the laws of the PRC which is currently owned as to 58.44% by Beijing Liancheng I&C, 10.23%, 9.44% and 7.08% by Mr. Wang Boming, Mr. Zhang Zhifang and Mr. Dai Xiaojing respectively.

The office leases in the PRC that will expire on 31 December 2015 constitute Directors' interest in the assets leased to the companies of the Group.

iv. Directors' interests in competing businesses

Three executive Directors, namely Mr. Wang Boming, Mr. Zhang Zhifang and Mr. Dai Xiaojing, have indirect interests in an advertising company incorporated in the PRC, 北京聯辦財訊文化傳媒有限公司, which has an exclusive advertising contract with the publisher, 新旅行雜誌社, of a travel magazine titled “Voyage 新旅行” in the PRC.

* for identification purposes only

The “Voyage” magazine is a leisure magazine that focuses on travelling and vacation whilst the magazines that the Group holds advertising rights are mainly in financial, lifestyle and marketing areas. The target readers and the customers of the magazine, Voyage, are not the same as those of the Group’s magazines.

As the Directors are of the view that the “Voyage” magazine is totally different in style and focus as compared to the magazines which the Group is involved in, coupled with different category of targeted readers, accordingly the Directors are of the view that there is no competition between the Group’s businesses with that of the advertising company which the three Directors are interested in.

Save as disclosed above, as at the Latest Practicable Date, none of the Directors or proposed Directors or their respective close associates had any interest in a business which competes or may compete with the business of the Group.

(b) Substantial Shareholders

As at the Latest Practicable Date, so far as is known to the Directors and the chief executives of the Company, each of the following persons (other than a Director or chief executive of the Company) had an interest or a short position in the Shares or underlying Shares which would fall to be disclosed to the Company under the provisions of Division 2 and 3 of Part XV of the SFO, or were directly or indirectly, interested in 10% or more of the nominal value of any class of share capital carrying rights to vote in all circumstances at general meetings of any members of the Company and were recorded in the register to be kept under section 336 of the SFO:

Long positions in the Shares and underlying Shares of the Company and its associated corporations:

Name	Capacity	Number of Shares held	Percentage of issued share capital of the Company as at the Latest Practicable Date (%)
Black Marble Securities <i>(Note 1)</i>	Others	5,311,287,930 <i>(Note 2)</i>	75.00

Notes:

- Black Marble Securities entered into the Underwriting Agreement and Supplemental Underwriting Agreement with the Company, pursuant to which Black Marble Securities agreed to underwrite not less than 5,311,287,930 Offer Shares (assuming no Share Options being exercised and no Shares being repurchased by the Company on or before the Record Date) and not more than 5,320,787,930 Offer Shares (assuming the outstanding Share Options being exercised in full on or before the Record Date).

2. The 5,311,287,930 Shares are the Offer Shares which Black Marble Securities as the underwriter is interested under the Underwriting Agreement and Supplemental Underwriting Agreement on the assumption of no acceptance by the Qualifying Shareholders under the Open Offer and none of the outstanding Share Options being exercised on or before the Record Date.

4. CORPORATE INFORMATION

Board of Directors

Correspondence Address

Executive Directors

Mr. Wang Boming (*Chairman*)

11th Floor, Prime Tower
22 Chaoyangmenwai Dajie
Beijing, PRC

Mr. Zhang Zhifang

11th Floor, Prime Tower
22 Chaoyangmenwai Dajie
Beijing, PRC

Mr. Dai Xiaojing

10th Floor, Prime Tower
22 Chaoyangmenwai Dajie
Beijing, PRC

Mr. Suen Man Simon

Room 806, 8/F
Nan Fung Tower
173 Des Voeux Road Central
Hong Kong

Mr. Zhou Hongtao

Yanshan
Yanfang Road
Fangshan District
Beijing, PRC

Mr. Li Leong

Room 806, 8/F
Nan Fung Tower
173 Des Voeux Road Central
Hong Kong

Independent Non-executive Directors

Mr. Law Chi Hung

Room 806, 8/F
Nan Fung Tower
173 Des Voeux Road Central
Hong Kong

Mr. Ding Yu Cheng	Wanshoulu Jia 15 Hao, 1 Qu 2 Haolou Haidian District Beijing, PRC
Ms. Wensy Ip	Room 806, 8/F Nan Fung Tower 173 Des Voeux Road Central Hong Kong
Audit Committee	Mr. Law Chi Hung (<i>Chairman</i>) Mr. Ding Yu Cheng Ms. Wensy Ip
Remuneration Committee	Mr. Law Chi Hung (<i>Chairman</i>) Mr. Ding Yu Cheng Ms. Wensy Ip
Nomination Committee	Mr. Law Chi Hung Mr. Ding Yu Cheng (<i>Chairman</i>) Ms. Wensy Ip
Registered office	Clarendon House, 2 Church Street Hamilton HM11, Bermuda
Principal place of business in Hong Kong	Room 806, 8/F Nan Fung Tower 173 Des Voeux Road Central Hong Kong
Joint Company Secretaries	Mr. Tseung Sheung Shun Ms. Lam Siu Wa
Authorised representatives under the Listing Rules	
Mr. Li Leong	Room 806, 8/F Nan Fung Tower 173 Des Voeux Road Central Hong Kong

Mr. Tseung Sheung Shun	Room 806, 8/F, Nan Fung Tower 173 Des Voeux Road Central Hong Kong
Hong Kong branch share registrar	Tricor Secretaries Limited Level 22, Hopewell Centre 183 Queen's Road East Hong Kong
Auditors	Deloitte Touche Tohmatsu Certified Public Accountants 35th Floor One Pacific Place 88 Queensway Hong Kong
Principal Bankers	
China Construction Bank (Asia) Corporation Limited	G/F, 6 Des Voeux Road Central Hong Kong
Hang Seng Bank Limited	33 To Kwa Wan Road Kowloon Hong Kong
Bank of Beijing Company Limited	No. 20, Chaowai Street Chaoyang District Beijing, PRC 100020
China Merchants Bank Co., Ltd.	19/F, China Merchants Bank Tower No. 7088 Shennan Boulevard Shenzhen, PRC 518040
Stock code	205
Website	http://www.seec-media.com.hk/ http://www.irasia.com/listco/hk/seecmedia/index.htm

5. PARTIES INVOLVED IN THE OPEN OFFER

The Company	SEEC Media Group Limited Room 806, 8/F Nan Fung Tower 173 Des Voeux Road Central Hong Kong
Underwriter	Black Marble Securities Limited Unit 03 & 05, 32/F, Sino Plaza 255-257 Gloucester Road Causeway Bay Hong Kong
Financial adviser of the Company	Opus Capital Limited 18/F, Fung House 19-20 Connaught Road Central Central Hong Kong
Legal adviser to the Company as to Hong Kong laws	Messrs. Hau, Lau, Li & Yeung Unit 1303, 13th Floor Tower 1 Admiralty Centre 18 Harcourt Road Hong Kong
Reporting Accountant	Deloitte Touche Tohmatsu 35/F, One Pacific Place 88 Queensway Hong Kong
Independent financial adviser to the Independent Board Committee and the Independent Shareholders	Hercules Capital Limited 1503 Ruttonjee House 11 Duddell Street Central Hong Kong
Hong Kong branch share registrar	Tricor Secretaries Limited Level 22, Hopewell Centre 183 Queen's Road East Hong Kong

6. LITIGATION

On 6 August 2010, Chau Hoi Shuen, Solina Holly (“**Ms Chau**”) in a writ of summons filed claims against the Company for damages for distributing or publishing certain articles in a magazine, Caijing Magazine containing words defamatory of Ms. Chau. On 15 November 2012, the High Court of Hong Kong has issued a judgment in favour of Ms. Chau and adjudged that the Company needs to pay the damages to Ms. Chau and the related legal fee incurred by Ms. Chau. On 12 December 2012, the Company lodged an appeal (the “**First Appeal**”) to the Court of Appeal and the First Appeal was heard in the Court of Appeal on 11 April 2014. On 25 April 2014, the judgment of the First Appeal was decided unfavourably against the Company. On 23 May 2014, the Company applied to the Court of Appeal for leave to appeal to the Court of Final Appeal and the Court of Appeal refused leave. On 4 November 2014, the Company has applied to the Court of Final Appeal for leave to appeal to the Court of Final Appeal. The Court of Final Appeal granted leave to the Company on 30 March 2015 and the final appeal hearing would be held on 30 November 2015 at the Court of Final Appeal. The Directors have provided for the damages and professional fee in relation to the case totalling approximately HK\$8,100,000 (31.12.2014: HK\$8,100,000) (included in accruals) based on their best estimates and advice from the legal counsel as of 30 June 2015. In the opinion of the legal counsel, the outcome of the final appeal hearing cannot presently be determined and the Directors considered that the provision is adequate.

7. MATERIAL CONTRACTS

The following contracts (not being contracts in the ordinary course of business) have been entered into by member of the Group within two years immediately preceding the Latest Practicable Date:

- (a) the placing agreement dated 16 July 2015 entered into between Laberie Holdings Limited, a wholly-owned subsidiary of the Company, and China New Economy Fund Limited for the subscription of 103,020,000 new Shares for a total consideration of HK\$39.66 million;
- (b) the share subscription agreement dated 9 July 2015 entered into between Laberie Holdings Limited, a wholly-owned subsidiary of the Company, and GreaterChina Professional Services Limited;
- (c) the service agreement dated 26 September 2014 entered into between the Company and Quantum Key Technology Limited;
- (d) the strategic cooperation framework agreement dated 27 October 2014 entered into between the Company and 國泰滙通信息技術(北京)有限公司上海分公司 on cross border e-commerce platform; and

- (e) the Underwriting Agreement dated 19 August 2015 and Supplemental Underwriting Agreement dated 9 September 2015 entered into between the Company and the Underwriter in relation to the underwriting arrangement in respect of the Open Offer.

8. DIRECTORS OF THE COMPANY

Executive Directors

Mr. Wang Boming, aged 60, is the chairman of the Group and is also a director of Shanghai SEEC Investment Development Co., Ltd. He is also a director of the Government Bond Association, an editor in chief of *Caijing Magazine* and *CapitalWeek* (formerly known as *Securities Market Weekly*), the vice-chairman of the China Securities Industry Institute and a director of Asia Securities Industry Institute. Mr. Wang was a leading participant in the initial formation of China's capital markets. He also played a pioneering role in creating the first underwriting syndicate of government bonds, which revolutionised the bond distribution system in China. Before his return to China, he worked as an economist at the research department of the New York Stock Exchange, responsible for macroeconomic studies and market movement analysis in the United States of America. Mr. Wang obtained his bachelor's degree at the City University of New York and his master of business administration degree at Columbia University majoring in international finance. Mr. Wang joined the Group in December 1998.

Mr. Zhang Zhifang, aged 61, is responsible for the Group's investment and business planning in the PRC. Mr. Zhang graduated from Peking University with a bachelor's degree in international relations and a master's degree in international law, in 1984 and 1986, respectively. He earned his second master's degree in international commercial law and politics from the Fletcher School of Law and Diplomacy in the U.S.A. in 1987. Mr. Zhang is also a director of Shanghai SEEC Investment Development Co., Ltd. Before joining the Group in December 1997, Mr. Zhang was employed as an investment consultant of Fair Field Maxwell Financial Services Corp. in the U.S.A. in 1987. He has served as an executive officer of the Executive Commission of Securities Trading Automated Quotations System of the PRC since 1989. Mr. Zhang joined the Group in December 1997.

Mr. Dai Xiaojing, aged 56, graduated from Guangzhou Zhong Shan University with a bachelor's degree in science and a master's degree in laws, in 1981 and 1984, respectively. He was engaged in economic policy research at the Economic Development Research Institute of State Council of PRC from 1984 to 1989. He has been an editorial committee member of *Capital Week* (formerly known as *Securities Market Weekly*) since 1990 and is also the chairman of Shanghai SEEC Investment Development Co., Ltd. Mr. Dai joined the Group in December 1998.

Mr. Suen Man, Simon, aged 43, has over 20 years of experience in investment and media related industry. Mr. Suen was the stock investment section editor of Hong Kong Daily News from 1994 to 2007. Mr. Suen is an executive director of a fund management company in Shenzhen since 2008. Mr. Suen graduated from Hong Kong Polytechnic with a diploma in social work in 1993 and obtained his Master of Business Administration degree in Paramount University of Technology of the United States of America in 2006. Mr. Suen joined the Group in May 2014.

Mr. Zhou Hongtao, aged 38, has over 10 years of experience in investment and media related industry. Mr. Zhou is currently the managing director of Shanghai Hang Chen Hang Place The Industry Co, Ltd in the People's Republic of China, a real estate investment company in Shanghai. Mr. Zhou was the senior investment manager in Founder Group, Beijing, specialized in information technology and media related investment. Mr. Zhou obtained a Bachelor degree of Chemical Engineering and Technology from the Dalian University of Technology in 2000 and a Master of Business Administration degree from the Beijing Jiaotong University in 2005. Mr. Zhou joined the Group in May 2014.

Mr. Li Leong, aged 32, has years of experience in financial industry. Mr. Li graduated from the University of Western Ontario in Canada with a Bachelor of Science degree in Mathematics and Statistics in 2006. He also obtained a Master of Science degree in Investment Management from the Hong Kong University of Science and Technology in 2013. Mr. Li joined the Group in February 2015.

Independent Non-executive Directors

Mr. Law Chi Hung, aged 32, obtained a bachelor degree of Business Administration (Honors) in Accountancy from the City University of Hong Kong. He has 10 years of experience in accounting and auditing. Mr. Law is a member of the Hong Kong Institute of Certified Public Accountants and is currently a partner of CT CPT & Company. Mr. Law has not held any directorship in other listed companies in the last three years.

Mr. Ding Yu Cheng, aged 49, has many years of experience in management. Mr. Ding holds a master of business administration degree from the University of Pittsburg and a doctor of philosophy degree in economics from Tsinghua University. Mr. Ding has been appointed as an independent non-executive Director of the Company since June 2005.

Ms. Wensy Ip, aged 29, has years of experience in marketing and trading industry. Ms. Ip graduated from the University of Northumbria in the United Kingdom with Bachelor of Science degree in Human Organisations in 2007. She also obtained a Master of Arts degree in Communication and New Media from City University of Hong Kong in 2008. Ms. Ip has not held any directorship in other listed companies in the last three years.

9. MISCELLANEOUS

- (a) The joint Company secretaries of the Company are Mr. Tseung Sheung Shun and Ms. Lam Siu Wa. Ms. Lam is an associate member of the Hong Kong Institute of Chartered Secretaries and has years of experience in corporate governance. She graduated from the University of Newcastle in Australia with a Master of Business degree in 2007 and she also obtained a Master of Corporate Governance degree from the Hong Kong Polytechnic University in 2014. Mr. Tseung is a member of the Hong Kong Institute of Certified Public Accountants.
- (b) The registered office of the Company is situated at the Clarendon House, 2 Church Street, Hamilton HM11, Bermuda and the Company's principal place of business in Hong Kong is located at Room 806, 8/F, Nan Fung Tower, 173 Des Voeux Road Central, Hong Kong.
- (c) The branch share registrar of the Company in Hong Kong is Tricor Secretaries Limited, Level 22, Hopewell Centre, 183 Queen's Road East, Hong Kong.
- (d) As at the Latest Practicable Date, there was no restriction affecting the remittance of profit or repatriation of capital of the Company into Hong Kong from outside Hong Kong.
- (e) In case of any inconsistency, the English text of this Circular shall prevail over its Chinese text.

10. EXPERT AND CONSENT

- (a) The following sets out the qualifications of the experts who have given their opinions or advice as contained in this Circular:

Name	Qualifications
Hercules Capital	a corporation licensed under the SFO to conduct Type 6 regulated activity under the SFO
Deloitte Touche Tohmatsu ("DTT")	Certified Public Accountants

- (b) Each of Hercules Capital and DTT has given and has not withdrawn its written consent to the issue of this Circular with the inclusion of its letter, statement or advice and references to its name in the form and context in which they are included.

- (c) As at the Latest Practicable Date, each of Hercules Capital and DTT did not have any shareholding, direct or indirect, in any member of the Group or any right (whether legally enforceable or not) to subscribe for or to nominate persons to subscribe for securities in any member of the Group.
- (d) As at the Latest Practicable Date, each of Hercules Capital and DTT did not have any interest, direct or indirect, in any asset which have been since 31 December 2014, being the date to which the latest published audited financial statements of the Group were made up, acquired by or disposed of or leased to any member of the Group or are proposed to be acquired by or disposed of or leased to any member of the Group.

11. EXPENSES

The expenses in connection with the Open Offer, including financial advisory fees, underwriting commission, printing, registration, translation, legal and accountancy charges, registration and other related expenses, are estimated to amount to approximately HK\$13.5 million and are payable by the Company.

12. DOCUMENTS AVAILABLE FOR INSPECTION

Copies of the following documents are available for inspection during 9:00 a.m. to 5:00 p.m. on any week day, except Saturday, Sundays and public holidays at the principal place of business in Hong Kong of the Company at Room 806, 8/F, Nan Fung Tower, 173 Des Voeux Road Central, Hong Kong during normal business hours (Saturdays and public holidays excepted) from the date of this Circular up to and including the date of the SGM:

- (a) the New Memorandum of Continuance and the Bye-laws;
- (b) the material contracts referred to the paragraph headed “Material Contracts” to this appendix;
- (c) the annual reports of the Company for the three financial years ended 31 December 2014 and the interim report of the Company for the six months ended 30 June 2015;
- (d) the letter from the Board, the text of which is set out on pages 13 to 37 of this Circular;
- (e) the letter from the Independent Board Committee to the Independent Shareholders, the text of which is set out on pages 38 to 39 of this Circular;
- (f) the letter from the Independent Financial Adviser to the Independent Board Committee and the Independent Shareholders, the text of which is set out on pages 40 to 71 of this Circular;

- (g) the letter from DTT on the unaudited pro forma financial information of the Group, the text of which is set out in Appendix II to this Circular;
- (h) the letters of written consents referred to in the paragraph headed “Expert and Consent” in this appendix; and
- (i) this Circular.

NOTICE OF SGM



SEEC MEDIA GROUP LIMITED

(Incorporated in the Cayman Islands and continued in Bermuda with limited liability)
(Stock Code: 205)

NOTICE IS HEREBY GIVEN THAT a special general meeting (the “SGM”) of SEEC Media Group Limited (the “Company”) will be held at 11:00 a.m. on 20 November 2015 at Room 806, 8th Floor, Nan Fung Tower, 173 Des Voeux Road Central, Hong Kong for the purpose of considering and, if thought fit, passing with or without amendments, the following ordinary resolutions:

ORDINARY RESOLUTIONS

- (i) **THAT** subject to and conditional upon the Capital Reorganisation (as defined in the circular of the Company dated 18 September 2015 (the “**Change of Domicile Circular**”)) becoming effective, with effect from the day of passing this ordinary resolution, the authorised share capital of the Company be increased from HK\$300,000,000 divided into 3,000,000,000 ordinary shares of HK\$0.10 each (the “**Shares**”) to HK\$1,000,000,000 divided into 10,000,000,000 Shares by creation of 7,000,000,000 additional Shares (the “**Increase in Authorised Share Capital**”), which will, upon issue and being fully paid, rank *pari passu* in all respects with the Shares in issue; and

(ii) **THAT** any one or more of the directors of the Company (the “**Directors**”) be and is/are hereby authorised for and on behalf of the Company to execute all such documents, instruments and agreements and to do all such acts or things deemed by him/her/them to be incidental to, ancillary to or in connection with the matters contemplated in and for completion of the Increase in Authorised Share Capital.”
- THAT** subject to the passing of resolution no.1 above and conditional upon: (a) the Listing Committee of The Stock Exchange of Hong Kong Limited granting or agreeing to grant (subject to allotment) and not having revoked the listing of and permission to deal in the Offer Shares (as defined below) to be allotted and issued to the qualifying shareholders of the Company (the “**Qualifying Shareholders**”) whose names appear on the register of members of the Company on 2 December 2015 or such other date as may be determined and announced by the board of Directors as the record date of the Open Offer (the “**Record Date**”) pursuant to the terms and conditions of the Open Offer (as defined below) by no later than the Prospectus Posting Date (as defined in the circular of the Company dated 4 November 2015 (the “**Circular**”)); (b) the Capital Reorganisation (as defined in the Change of Domicile Circular) and the Increase in Authorised Share Capital (as defined in resolution no.1 above) becoming effective; (c)

NOTICE OF SGM

the filing and registration of all relevant documents with the Registrar of Companies in Hong Kong by no later than the Prospectus Posting Date; (d) the posting of the Prospectus Documents (as defined in the Circular) to Qualifying Shareholders on the Prospectus Posting Date; and (e) the fulfillment of the conditions set out in the underwriting agreement dated 19 August 2015 (as supplemented by the supplemental underwriting agreement dated 9 September 2015) (together, the “**Underwriting Agreement**”), entered into between the Company as issuer and Black Marble Securities Limited as underwriter becoming unconditional and the Underwriting Agreement not being terminated in accordance with the terms therein (a copy of the Underwriting Agreement had been produced to the SGM marked “A” and signed by the chairman of the SGM for the purpose of identification),

- (i) the Underwriting Agreement and the transactions contemplated thereunder be and are hereby confirmed, approved and ratified;
- (ii) the issue by way of open offer (the “**Open Offer**”) of not less than 5,311,287,930 Shares and not more than 5,320,787,930 Shares (the “**Offer Shares**”) to the Qualifying Shareholders excluding those shareholders of the Company with registered addresses as shown on the register of members of the Company on the Record Date outside Hong Kong whom the Directors consider it necessary or expedient to exclude after making the relevant enquiries regarding the legal restrictions under the laws of the relevant place and the requirements of the relevant regulatory body or stock exchange in the place where those overseas shareholders reside (the “**Excluded Shareholders**”) on the basis of five (5) Offer Shares for every one (1) Share then held on the Record Date at the subscription price of HK\$0.10 per Offer Share and otherwise pursuant to and in accordance with the terms and conditions set out in the Circular be and is hereby approved and confirmed;
- (iii) the Directors be and are hereby authorised to allot and issue the Offer Shares pursuant to or in connection with the Open Offer notwithstanding that the same may be offered, allotted or issued otherwise than pro rata to the Qualifying Shareholders and, in particular, the Directors may make such exclusions or other arrangement in relation to the Excluded Shareholders as they deem necessary or expedient having regard to any restrictions or obligations under the laws of, or the requirements of any recognised regulatory body or any stock exchange in, any territory outside Hong Kong applicable to the Company; and

NOTICE OF SGM

- (iv) any Directors be and are hereby authorised to sign and execute such documents and do all such acts and things incidental to the Open Offer or as they consider necessary, desirable or expedient in connection with the implementation of or giving effect to the Open Offer, the Underwriting Agreement and the transactions contemplated thereunder.”

On behalf of the Board
SEEC Media Group Limited
Li Leong
Executive Director

Hong Kong, 4 November 2015

Registered office:

Clarendon House
2 Church Street
Hamilton HM11
Bermuda

Head office and principal place of business in Hong Kong:

Room 806, 8th Floor, Nan Fung Tower
173 Des Voeux Road Central, Hong Kong

Notes:

1. A member entitled to attend and vote at the SGM is entitled to appoint one or more proxy to attend and, subject to the provisions of the Bye-laws, to vote on his behalf. A proxy need not be a member of the Company but must be present in person at the SGM to represent the member. If more than one proxy is so appointed, the appointment shall specify the number and class of shares in respect of which each such proxy is so appointed.
2. A form of proxy for use at the SGM is enclosed with the circular of the Company dated 4 November 2015. Whether or not you intend to attend the SGM in person, you are requested to complete and return the enclosed form of proxy in accordance with the instructions printed thereon. Completion and return of a form of proxy will not preclude a member from attending in person and voting at the SGM or any adjournment thereof, should he so wish and in such event, the instrument appointing a proxy previously submitted shall be deemed to be revoked.
3. In order to be valid, the form of proxy, together with a power of attorney or other authority, if any, under which it is signed, or a certified copy of such power or authority must be deposited at the Company's branch share registrar and transfer office in Hong Kong, Tricor Secretaries Limited, at Level 22, Hopewell Centre, 183 Queen's Road East, Hong Kong, not less than 48 hours before the time appointed for holding the SGM or any adjournment thereof.

NOTICE OF SGM

4. In the case of joint holders of shares, any one of such holders may vote at the SGM, either personally or by proxy, in respect of such share as if he was solely entitled thereto, but if more than one of such joint holders are present at the SGM personally or by proxy, that one of the said persons so present whose name stands first on the register of members of the Company in respect of such shares shall alone be entitled to vote in respect thereof.
5. As at the date hereof, the executive Directors are Mr. Wang Boming (Chairman), Mr. Zhang Zhifang, Mr. Dai Xiaojing, Mr. Suen Man Simon, Mr. Zhou Hongtao and Mr. Li Leong; and the independent non-executive Directors are Mr. Ding Yu Cheng, Mr. Law Chi Hung and Ms. Wensy Ip.