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**THIS CIRCULAR IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION**

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**If you are in doubt** as to any aspect of this circular or as to the action to be taken, you should consult a stockbroker or other registered dealer in securities, bank manager, solicitor, professional accountant or other professional adviser.

**If you have sold or transferred** all your shares in SEEC Media Group Limited, you should at once hand this circular to the purchaser or transferee, or to the bank, stockbroker or other agent through whom the same or transfer was effected for transmission to the purchaser or transferee.

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This circular is for information purposes only and does not constitute an invitation or offer to acquire, purchase or subscribe for securities in SEEC Media Group Limited.

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**SEEC MEDIA GROUP LIMITED**

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

**(Stock Code: 205)**

**DISCLOSEABLE TRANSACTION**

**ACQUISITION OF LICENCE**

**AND**

**EXCLUSIVE ADVERTISING RIGHTS**

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## DEFINITIONS

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

“Acquisition”	the acquisition of the Rights
“Announcement”	the announcement of the Company dated 17 December 2007
“associates”	has the meaning ascribed thereto under the Listing Rules
“Beijing Caixun”	北京財訊廣告有限公司 (Beijing Caixun Advertising Co., Ltd.*), a domestic limited liability company established under the laws of the PRC and an indirect wholly-owned subsidiary of the Company
“Board”	the board of Directors
“BOIA”	北京昂藍互動廣告有限公司 (Beijing Online Interactive Advertising Company Limited*), a domestic limited liability company established under the laws of the PRC
“Business Acquisition Framework Agreement”	關於Timeout的版權合作與獨家廣告經營權業務收購框架協議 (Business Acquisition Framework Agreement*) dated 14 December 2007 entered into between the Company and the Vendor in respect of the Acquisition
“Business Day”	a day (excluding Saturday, Sunday or public holidays in Beijing or Hong Kong) on which licensed banks are open for general business in Beijing and Hong Kong and “Business Days” shall be construed accordingly
“Chinese Version Time Out Magazine”	the Time Out Magazine in the Chinese and English languages produced, published and distributed in the PRC under licence from Time Out pursuant to the Licence Agreement
“CIMG Advertising Agreements”	關於協作經營出版《名牌世界》雜誌的協議 (CIMG Advertising Management Agreement*) dated 1 July 2002 entered into between ICPC, 山東港岳永昌集團股份有限公司 (Shandong Ganyue Yongchang Group Joint Stock Company*) and BOIA as amended by a supplemental agreement dated 1 July 2002 among the same parties

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## DEFINITIONS

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“Companies Ordinance”	the Companies Ordinance, Chapter 32 of the Laws of Hong Kong
“Company”	SEEC Media Group Limited, a company incorporated under the laws of the Cayman Islands with limited liability whose shares are listed on the Stock Exchange
“Completion”	completion of the sale and purchase of the Rights under the Business Acquisition Framework Agreement whereupon, among other things, the First Payment will be made by the Company and the Rights will be vested in the Group
“Connected Persons”	has the meaning ascribed to it under the Listing Rules
“Consideration”	US\$1,600,000 (HK\$12,480,000), being the total consideration payable by the Company to the Vendor under the Business Acquisition Framework Agreement
“Consideration Shares”	the 13,390,558 Shares to be allotted and issued to the Vendor as consideration under the Business Acquisition Framework Agreement
“CP I”	conditions precedent to the making of the First Payment
“CP II”	conditions precedent to the allotment and issue of the Consideration Shares
“Deed”	the conditional deed dated 14 December 2007 entered into between Time Out, the Vendor and the Company after trading hours pursuant to which the Vendor will, inter alia, assign its rights and obligations under the Licence Agreement to the Company
“Director(s)”	the director(s) of the Company
“First Payment”	US\$800,000 (HK\$6,240,000) representing 50% of the Consideration payable under the Business Acquisition Framework Agreement upon fulfillment of CP I

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## DEFINITIONS

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“General Mandate”	the general mandate granted to the Directors by the Shareholders to allot and issue up to 310,744,922 Shares pursuant to an ordinary resolution passed at the annual general meeting of the Company convened on 4 June 2007
“Group”	the Company and its subsidiaries from time to time and “member of the Group” shall be construed accordingly
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong
“Hong Kong”	the Hong Kong Special Administrative Region of the People’s Republic of China
“ICPC”	國際文化出版公司 (International Culture Publishing Company*), a wholly-public-owned enterprise established under the laws of the PRC
“Issue Price”	HK\$0.466 per Consideration Share, representing the average closing price of the Shares for the seven trading days immediately before the date of the Announcement
“Latest Practicable Date”	28 December 2007, being the latest practicable date prior to the printing of this circular for ascertaining certain information contained herein
“Licence Agreement”	the licence agreement dated 17 March 2003 entered into between Time Out and the Vendor
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“Model Code”	Model Code for Securities Transactions by Directors of Listed Companies
“PRC” or “China”	The People’s Republic of China which excludes Hong Kong for the purposes of this circular
“Rights”	the Vendor’s interests in the Licence Agreement and CIMG Advertising Agreements, being the subject matters of the sale and purchase under the Business Acquisition Framework Agreement
“RMB”	Renminbi yuan, the lawful currency of the PRC

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## DEFINITIONS

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“SEEC Advertising Agreements”	the conditional 關於協作經營出版《名牌世界》雜誌的協議 (SEEC Advertising Management Agreement*) dated 14 December 2007 entered into between ICPC, BOIA and Beijing Caixun after trading hours and the conditional 關於協作經營出版《名牌世界》雜誌的協議的補充協議 (Supplemental Agreement*) dated 14 December 2007 entered into between ICPC and Beijing Caixun after trading hours
“SFO”	the Securities and Futures Ordinance, Chapter 571 of the Laws of Hong Kong
“Share”	share of HK\$0.10 in the capital of the Company
“Shareholder(s)”	the holder(s) of Shares
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“subsidiary”	a company which is for the time being and from time to time a subsidiary (within the meaning of the Companies Ordinance) of the Company
“Time Out”	Time Out International Limited, a company incorporated under the laws of England and Wales with limited liability
“Time Out Magazine”	a periodical magazine circulated around the world in numerous different languages and contains leisurely information relating to entertainment, books, sports, travelling, etc.
“US\$”	United States dollars, the lawful currency of the United States of America
“Vendor”	China Interactive Media Group, a company incorporated under the laws of the Cayman Islands with limited liability
“%”	per cent

*For the purposes of this circular, unless otherwise indicated, the exchange rates at US\$1.00 = HK\$7.80 and RMB1.00 = HK\$1.02 have been used, where applicable, for purpose of illustration only and do not constitute a representation that any amount have been, could have been or may be exchanged.*

*\* for identification purpose only*



## SEEC MEDIA GROUP LIMITED

(incorporated in the Cayman Islands with limited liability)

(Stock Code: 205)

*Directors:*

*Executive Directors:*

Mr. WANG Boming (*Chairman*)

Mr. ZHANG Zhifang

Mr. DAI Xiaojing

Mr. LI Shijie

Mr. LAU See Him Louis

*Registered office:*

P.O. Box 897 GT

Second Floor

One Capital Place

Grand Cayman

Cayman Islands

British West Indies

*Independent Non-executive Directors:*

Mr. FU Fengxiang

Mr. WANG Xiangfei

Mr. DING Yu Cheng

Mr. ZHANG Ke

*Principal place of business*

*in Hong Kong:*

Room 2502

Alexandra House

18 Chater Road

Central, Hong Kong

31 December 2007

*To the Shareholders*

Dear Sir/Madam,

### **DISCLOSEABLE TRANSACTION ACQUISITION OF LICENCE AND EXCLUSIVE ADVERTISING RIGHTS**

#### **1. INTRODUCTION**

The Board announced on 17 December 2007 that after trading hours on 14 December 2007, the Company entered into the Business Acquisition Framework Agreement with the Vendor pursuant to which the Company agreed to purchase, and the Vendor agreed to sell, the Vendor's interests in the Licence Agreement and CIMG Advertising Agreements for a total consideration of US\$1,600,000 (HK\$12,480,000) which shall be satisfied, as to US\$800,000 (HK\$6,240,000) by cash, and as to US\$800,000 (HK\$6,240,000) by the allotment and issue of the Consideration Shares, credited as fully paid, by the Company at the Issue Price of HK\$0.466 per Consideration Share representing the average closing prices of the Shares for the seven trading days immediately before the date of the Announcement.

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## LETTER FROM THE BOARD

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The Consideration Shares, which will be issued under the General Mandate, amount to 13,390,558 Shares, representing approximately 0.78% and 0.77% of the issued share capital and enlarged issued share capital of the Company, respectively as at the date of the Announcement. As at the Latest Practicable Date, the General Mandate has not been utilized by the Company. Application will be made by the Company to the Listing Committee of the Stock Exchange for the listing of, and the permission to deal in, the Consideration Shares.

In satisfying some of the CP I, the Deed and the SEEC Advertising Agreements were entered into after trading hours on 14 December 2007. The SEEC Advertising Agreements and the Business Acquisition Framework Agreement are inter-conditional, and the Deed and the Business Acquisition Framework Agreement are inter-conditional.

The purpose of this circular is to provide you with further information in respect of the Business Acquisition Framework Agreement and other information as required under the Listing Rules.

## 2. THE BUSINESS ACQUISITION FRAMEWORK AGREEMENT

### Date

After trading hours on 14 December 2007

### Parties

- (a) The Company as the purchaser.
- (b) China Interactive Media Group as the Vendor. To the best of the knowledge, information and belief of the Directors and having made all reasonable enquiries, the Vendor and its ultimate beneficial owners are third parties independent of the Company and its Connected Persons.

### Sale and Purchase

Pursuant to the Business Acquisition Framework Agreement, the Vendor agreed to sell, and the Company agreed to purchase, the Rights on the terms and subject to the conditions contained therein.

### The Rights

The Rights consist of the Vendor's interests in the Licence Agreement and CIMG Advertising Agreements.

Pursuant to the Licence Agreement, the Vendor has been granted a licence from Time Out to produce, promote, distribute and publish the Chinese Version Time Out Magazine for Beijing, Shanghai and other cities as may be approved by Time Out under the title of and in the style of Time Out Magazine for a period of seven years from 17 March 2003.



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## LETTER FROM THE BOARD

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On the other hand, pursuant to the CIMG Advertising Agreements entered into between ICPC, 山東港岳永昌集團股份有限公司 (Shandong Ganyue Yongchang Group Joint Stock Company\*) and BOIA, the Vendor, through its sole agent, was granted the exclusive advertising agency rights in 《名牌世界》 Magazine, including the Chinese Version Time Out Magazine circulated in the PRC.

### Consideration

The Consideration shall be paid in the following manner:

- (a) US\$800,000 (HK\$6,240,000), representing 50% of the Consideration, is payable in cash within 15 Business Days of the fulfillment of the CP I; and
- (b) the remaining balance of US\$800,000 (HK\$6,240,000) representing 50% of the Consideration, by the allotment and issue of an aggregate of 13,390,558 Shares at the Issue Price of HK\$0.466 per Share to the Vendor within 20 Business Days of the fulfillment of the CP II.

The Consideration was determined after arm's length negotiations between the Company and the Vendor and having taken into account of, inter alia, the total revenue of approximately RMB2,266,000 (approximately HK\$2,312,000) for the year ended 31 March 2005, approximately RMB7,632,000 (approximately HK\$7,785,000) for the year ended 31 March 2006, and RMB10,072,000 (approximately HK\$10,274,000) for year ended 31 March 2007 generated from the business in connection with the Chinese Version Time Out Magazine, and the future development prospects of the Chinese Version Time Out Magazine and its related advertising business in the PRC.

There is no carrying value for the Rights, the subject matter of the transaction, recorded in the books of accounts of the relevant member of the Vendor's group of companies which was prepared in accordance with the generally accepted accounting principles in the PRC. There is also no valuation being conducted on the Rights. Further, since the relevant member of the Vendor's group of companies has other businesses, no net profits (both before and after taxation and extraordinary items) could specifically be identified or attributed to the Rights for the two financial years immediately preceding the transaction.

The Directors (including the independent non-executive Directors) consider that the terms of the Business Acquisition Framework Agreement are fair and reasonable and in the interests of the Company and the Shareholders as a whole. The cash portion of the Consideration will be funded by internal resources. The payment of the Consideration partly by the allotment and issue of the Consideration Shares will not only enlarge the equity base of the Company, but also eliminate the burden of the Company arising from the usage of cash only as consideration.

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## LETTER FROM THE BOARD

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### **The Consideration Shares**

As at the Latest Practicable Date, there are 1,724,724,614 Shares in issue and the Consideration Shares represent:

- (a) approximately 0.78% of the issued share capital of the Company as at the Latest Practicable Date; and
- (b) approximately 0.77% of the issued share capital of the Company as enlarged by the Consideration Shares as at the Latest Practicable Date.

The Consideration Shares will be issued under the General Mandate. As at the Latest Practicable Date, the General Mandate has not been utilized by the Company. Application has been made by the Company to the Stock Exchange for the listing of, and the permission to deal in, the Consideration Shares. The Consideration Shares will be allotted and issued, credited as fully paid, and will rank pari passu in all respects with all the Shares in issue on the date of allotment and issue of the Consideration Shares. The market price and the market value of the Consideration Shares as at the Latest Practicable Date is HK\$0.485 and approximately US\$800,000 (approximately HK\$6,240,000), respectively.

### **The Issue Price**

The Issue Price of HK\$0.466 per Consideration Shares was determined after arm's length negotiations between the Company and the Vendor and represents:

- (a) a discount of approximately 3.9% to the closing price of HK\$0.485 per Share on the Latest Practicable Date;
- (b) a discount of approximately 5.9% to the closing price of HK\$0.495 per Share on the date of the Announcement;
- (c) a discount of approximately 2.5% to the average closing price of HK\$0.478 per Share for the last 5 trading days up to and including the date of the Announcement; and
- (d) a premium of approximately 1.7% to the average closing price of HK\$0.458 per Share for the last 10 trading days up to and including the date of the Announcement.

The net Issue Price is approximately HK\$0.466 and the aggregate nominal value of the Consideration Shares is approximately HK\$1,339,055. Having considered the total revenue generated from, and future development prospects of, the Chinese Version Time Out Magazine and its related advertising business, even the Issue Price is at a small discount to the average closing prices of the Shares, the Directors (including the independent non-executive Directors) consider that the Issue Price and the issue of the Consideration Shares are fair and reasonable and in the interests of the Company and the Shareholders as a whole.

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# LETTER FROM THE BOARD

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## CP I

The making of the First Payment by the Company is conditional upon:

- (a) all necessary consents, permits, waivers, resolutions, undertakings, confirmations and authorizations having been obtained or given for the execution and performance of the Business Acquisition Framework Agreement;
- (b) Time Out having given its consent to the Vendor in assigning the Vendor's rights and obligations under the Licence Agreement to the Company;
- (c) the Deed having been entered into by the relevant parties with the Company;
- (d) the SEEC Advertising Agreements having been entered into by all the relevant parties;
- (e) no material adverse change to the Rights prior to the entering into of the Deed and the SEEC Advertising Agreements;
- (f) all representations and warranties of the Vendor under the Business Acquisition Framework Agreement having remained to be true and accurate; and
- (g) the Vendor and/or its associates having (i) transferred the “樂 (Le)” trademark to Beijing Caixun; (ii) applied for such transfer from the relevant PRC Trademark Bureau, and (iii) entered into a trademark licence agreement in respect of the “樂 (Le)” trademark with Beijing Caixun.

## CP II

The allotment and issue of the Consideration Shares are conditional upon:

- (a) the Listing Committee of the Stock Exchange granting or agreeing to grant the listing of, and permission to deal in, the Consideration Shares; and
- (b) all the requirements of the Stock Exchange under the Listing Rules in connection with the transactions contemplated by the Business Acquisition Framework Agreement having been complied with.

## Completion

If any of the CP I is not satisfied within two calendar months of the date of the Business Acquisition Framework Agreement, the Business Acquisition Framework Agreement will be terminated, and no party to the Business Acquisition Framework Agreement shall have any claims against the other party other than in relation to any antecedent breaches. In the event that CP I has been satisfied and the First Payment has been made upon the satisfaction of the CP I, but CP II is not satisfied within two calendar months of the date of the Business Acquisition Framework Agreement, no Consideration Share will be allotted and issued, and the Company shall be obliged to pay the balance 50% of the Consideration in cash to the Vendor.

All the conditions precedents under the CP I have been satisfied and the First Payment has been duly made by the Company to the Vendor.

### 3. THE DEED AND THE SEEC ADVERTISING AGREEMENTS

In satisfying some of the CP I, the Company entered into the Deed and the SEEC Advertising Agreements after trading hours on 14 December 2007. The SEEC Advertising Agreements and the Business Acquisition Framework Agreement are inter-conditional, and the Deed and the Business Acquisition Framework Agreement are inter-conditional.

#### **The Deed**

In satisfying some of the CP I, the Company entered into the Deed with Time Out and the Vendor pursuant to which the Vendor will, inter alia, assign its rights and obligations under the Licence Agreement as of the date of execution of the Deed to the Company. To the best of the knowledge, information and belief of the Directors and having made all reasonable enquiries, Time Out and its ultimate beneficial owners are third parties independent of the Company and its Connected Persons; and independent of the Vendor.

The performance of the obligations by the parties to the Deed thereunder is conditional upon the CP I having been fulfilled (other than the condition requiring the Deed having been entered into). The Company is obliged to pay certain sums and royalties to Time Out calculated in accordance with the formulae set out in the Licence Agreement. Apart from the total sum of approximately US\$303,333 (approximately HK\$2,366,000) which is payable under the Licence Agreement, the royalties payment is not ascertainable at this stage as it is based on the future advertising income and other income in connection with the exploitation of the Chinese Version Time Out Magazine.

#### **The SEEC Advertising Agreements**

In satisfying one of the CP I, Beijing Caixun entered into the SEEC Advertising Agreements whereby the exclusive advertising agency rights in 《名牌世界》 Magazine, including the Chinese Version Time Out Magazine will be granted to the Group for 10 years. To the best of the knowledge, information and belief of the Directors and having made all reasonable enquiries, ICPC and BOIA and their respective beneficial owners are third parties independent of the Company and its Connected Persons.

The performance of the obligations by the parties to the SEEC Advertising Agreements thereunder is conditional upon the CP I having been fulfilled (other than the condition requiring the SEEC Advertising Agreements having been entered into). Under the SEEC Advertising Agreements, Beijing Caixun is obliged to pay an annual management fee of RMB300,000 (HK\$306,000) and an annual editorial fee of RMB40,000 (HK\$40,800) to ICPC for 10 years. The annual management fee shall be increased by 3% annually commencing from the fourth year of the date of the commencement of the SEEC Advertising Agreements. The total sum payable by Beijing Caixun under the SEEC Advertising Agreements is approximately RMB3,667,700 (approximately HK\$3,741,000).

## LETTER FROM THE BOARD

### 4. SHAREHOLDING STRUCTURES OF THE COMPANY

Set out below is a table showing the shareholding structures of the Company (a) as at the Latest Practicable Date; and (b) upon the allotment and issue of the Consideration Shares, and a table showing the shareholding structure of the Company immediately after the allotment and issue of the Consideration Shares, exercise in full of the share options, and conversion in full of all outstanding warrant and convertible bond.

Name of Shareholders	Shareholding as at the Latest Practicable Date		Shareholding immediately after allotment and issue of the Consideration Shares	
	Shares	%	Shares	%
United Home Limited and parties acting in concert with it	845,843,824 (Note 1)	49.04	845,843,824	48.66
Public Shareholders	878,880,790	50.96	892,271,348	51.34
	<u>1,724,724,614</u>	<u>100</u>	<u>1,738,115,172</u>	<u>100.00</u>

Name of Shareholders	Shareholding structure of the Company immediately after the allotment and issue of the Consideration Shares, exercise in full of the share options, and conversion in full of all outstanding warrant and convertible bond	
	Shares	%
United Home Limited and parties acting in concert with it	845,843,824 (Note 1)	41.30
Directors (Note 2)		
Li Shijie	7,900,000	0.39
Wang Boming	1,500,000	0.07
Zhang Zhifang	1,500,000	0.07
Dai Xiaojing	1,500,000	0.07
Holder of warrant (Note 3)	79,947,000	3.90
Holder of convertible bond (Note 4)	229,937,913	11.23
Public Shareholders	879,871,348	42.97
	<u>2,048,000,085</u>	<u>100.00</u>

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# LETTER FROM THE BOARD

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*Notes:*

1. The 172,644,210 Shares held by Carlet Investments Ltd. were indirectly owned by United Home Limited by virtue of its 100% interest in Carlet Investments Ltd. In addition to the 172,644,210 Shares held by Carlet Investments Ltd., 673,199,614 Shares which represent approximately 39.03% of the issued share capital of the Company, were directly owned by United Home Limited. Messrs. Wang Boming, Zhang Zhifang and Dai Xiaojing are directors of United Home Limited. Finansa Public Company Limited has a security interest in the 172,644,210 Shares pledged by Carlet Investments Ltd.
2. As at the Latest Practicable Date, there were a total of 65,950,000 share options granted by the Company to four Directors (namely Messrs. Wang Boming, Zhang Zhifang, Dai Xiaojing and Li Shijie) and a number of employees of the Group.
3. On 19 May 2006, the Company issued to an independent third party, Templeton Strategic Emerging Markets Fund II, LDC, represented by Templeton Asset Management Limited the nil-paid warrant carrying rights to subscribe for up to 79,947,000 Shares. As at the Latest Practicable Date, no conversion of such warrant has been made.
4. On 19 May 2006, the Company issued to an independent third party, Templeton Strategic Emerging Markets Fund II, LDC, represented by Templeton Asset Management Limited a convertible bond amounting to US\$10 million. As at the Latest Practicable Date, no conversion of such convertible bond has been made.

The 229,937,913 Shares are based on the assumption that the Shares are issued as to the Maximum Issue Amount of Shares as referred to the Company's announcement dated 25 April 2006 in relation to the issue of US\$10,000,000 2% convertible bond due 2011 and nil-paid warrant. Pursuant to the Company's announcement dated 25 April 2006, the Maximum Issue Amount referred to the maximum amount of Shares which the Company is obliged to issue upon conversion of the convertible bond, which is 229,937,913 Shares (assuming a conversion price of HK\$0.422 and an exchange rate of US\$1.00 to HK\$7.80 and upon conversion of convertible bond at the yield to redemption amount on the maturity date), having taken into account (a) the number of warrant shares and; (b) the number of Shares which the Company shall be authorized to issue and allot under the general mandate.

## **5. REASONS FOR AND BENEFITS OF THE ACQUISITION**

As China's urbanization process continues to develop, consumer type magazines will continue to have a good prospects in the PRC. As a consumer type magazine, Time Out Magazine is one of the leading magazine circulated around the World. The Chinese Version Time Out Magazine has been circulated in Beijing and Shanghai for over three years and the Directors believe that the capital outlay on the Chinese Version Time Out Magazine has almost reached its last stage and soon it will start to generate profits, and the Chinese Version Time Out Magazine has secured certain advertising customers and has an established readership. Further, coupled with the upcoming the 2008 Beijing Olympic and 2010 Shanghai World Expo, the Directors (including all the independent non-executive Directors) believe that the Chinese Version Time Out Magazine and its advertising business will have a huge potential growth in future. Based on the foregoing, the Directors (including all the independent non-executive Directors) believe that the entering into of the Business Acquisition Framework Agreement can also provide an opportunity for the Group to further expand its magazine advertising business in the PRC, thereby moving towards its long term objective of profitable growth.

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## LETTER FROM THE BOARD

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### 6. FINANCIAL EFFECTS OF THE TRANSACTION

There will be no immediate financial effect on the earnings of the Group upon Completion, nevertheless the Directors expect that the Chinese Version Time Out Magazine will expand the magazine advertising business of the Group in the PRC, thereby moving towards its long term objective of profitable growths.

The initial value for the Rights will be recorded in the consolidated accounts of the Group as intangible assets at the fair value of the Consideration paid and will be subject to amortization over the term of the Rights. The asset and the net asset value of the Group will be increased by approximately HK\$6,240,000, which is the value of the Consideration Shares to be issued at the Issue Price if the Consideration Shares are allotted and issued by the Company.

### 7. FUND RAISING ACTIVITIES IN THE PAST 12 MONTHS

There was no fund raising activities of the Company in the past 12 months.

### 8. GENERAL

The entering into of the Business Acquisition Framework Agreement constitutes a discloseable transaction for the Company under the Listing Rules.

The principal activity of the Company is investment holding while its subsidiaries are mainly engaged in the provision of advertising agency services in the PRC. The Vendor and its subsidiaries are mainly engaged in the creation and distribution of lifestyle contents for fashion and entertainment magazines circulated in the PRC and in the marketing service business.

### 9. ADDITIONAL INFORMATION

Your attention is also drawn to the additional information set out in the Appendix to this circular.

Yours faithfully,  
For and on behalf of the Board  
**Wang Boming**  
*Chairman*

**1. RESPONSIBILITY STATEMENT**

This circular includes particulars given in compliance with the Listing Rules for the purpose of giving information with regard to the Company. The Directors collectively and individually accept full responsibility for the accuracy of the information contained in this circular and confirm, having made all reasonable enquiries, that to the best of their knowledge and belief, there are no other facts the omission of which would make any statement herein misleading.

**2. SHARE CAPITAL**

The authorised and issued share capital of the Company as at the Latest Practicable Date, was, and as a result of the allotment and issue of the Consideration Shares will be as follows:

<i>Authorised:</i>		<i>HK\$</i>
<u>3,000,000,000</u>	Shares	<u>300,000,000</u>
<i>Issued, to be issued and fully paid:</i>		<i>HK\$</i>
1,724,724,614	Shares	172,472,461.40
<u>13,390,558</u>	Consideration Shares	<u>1,339,055.80</u>
<u>1,738,115,172</u>		<u>173,811,517.20</u>

The nominal value of the Shares and the Consideration Shares is HK\$0.10 each and the existing issued Shares rank pari passu in all respects including all rights as to the dividends, voting and capital. The Consideration Shares to be issued following satisfaction of CP II will rank pari passu in all respects with each other and the then issued Shares including as regards to dividends, voting and return of capital.



### 3. DIRECTORS' DISCLOSURE OF INTERESTS

As at the Latest Practicable Date, the interests and short positions of the Directors and chief executive of the Company in the shares, underlying shares (within the meaning of Part XV of the SFO) or debentures of the Company and its associated corporations (within the meaning of Part XV of the SFO) which were required to be: (a) 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 they were taken or deemed to have under such provisions of the SFO); (b) entered in the register kept by the Company pursuant to Section 352 of the SFO; or (c) notified to the Company and the Stock Exchange pursuant to the Model Code were as follows:

*Long positions in underlying shares of the Company – share options to subscribe for Shares*

<b>Name of Director</b>	<b>Date of Grant</b>	<b>Exercise price</b>	<b>Exercisable period</b>	<b>Number of share options outstanding</b>
Wang Boming	7 February 2007	HK\$0.33	7 February 2010 to 6 February 2015	1,500,000
Zhang Zhifang	7 February 2007	HK\$0.33	7 February 2010 to 6 February 2015	1,500,000
Dai Xiaojing	7 February 2007	HK\$0.33	7 February 2010 to 6 February 2015	1,500,000
Li Shijie	7 February 2007	HK\$0.33	7 February 2010 to 6 February 2015	1,000,000
Li Shijie	25 July 2003	HK\$0.21	25 July 2004 to 24 July 2009	6,900,000

Save as disclosed herein, as at the Latest Practicable Date, none of the Director or chief executive of the Company had any interest or short position in the shares, underlying shares (within the meaning of Part XV of the SFO) or debentures of the Company or any of its associated corporations (within the meaning of Part XV of the SFO) which were required to be: (a) 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 they were taken or deemed to have under such provisions of the SFO); (b) entered in the register kept by the Company pursuant to Section 352 of the SFO; or (c) notified to the Company and the Stock Exchange pursuant to the Model Code.

#### 4. SUBSTANTIAL SHAREHOLDERS

As at the Latest Practicable Date, so far as is known to any Director or chief executive of the Company, the following persons (not being Directors or chief executive of the Company) had an interest or short position in the Shares or underlying shares of the Company which would fall to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO, or who was, 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 other member of the Group or in any options in respect of such capital:

##### *Long positions in Shares*

Name	Number of Shares beneficially held or interested	Percentage of shareholding
United Home Limited ( <i>Note 1</i> )	845,843,824	49.04%
Carlet Investments Ltd. ( <i>Note 1</i> )	172,644,210	10.00%
Finansa Public Company Limited ( <i>Note 2</i> )	172,644,210	10.00%
Arisaig Greater China Fund Limited ( <i>Note 4</i> )	161,706,000	9.38%
Arisaig Partners (Mauritius) Limited ( <i>Notes 3 &amp; 4</i> )	161,706,000	9.38%
Arisaig Partners (Holdings) Limited ( <i>Note 4</i> )	161,706,000	9.38%
Arisaig Partners (BVI) Limited ( <i>Note 4</i> )	161,706,000	9.38%
Cooper Lindsay William Ernest ( <i>Note 5</i> )	161,706,000	9.38%
Madeleine Ltd. ( <i>Note 5</i> )	161,706,000	9.38%
Templeton Asset Management Limited ( <i>Note 6</i> )	79,947,009	4.64%

##### *Notes:*

1. The 172,644,210 Shares held by Carlet Investments Ltd. were indirectly owned by United Home Limited by virtue of its 100% interest in Carlet Investments Ltd. In addition to the 172,644,210 Shares held by Carlet Investments Ltd., 673,199,614 Shares which represent approximately 39.03% of the issued share capital of the Company, were directly owned by United Home Limited. Messrs. Wang Boming, Zhang Zhifang and Dai Xiaojing are directors of United Home Limited.
2. Finansa Public Company Limited has a security interest in the 172,644,210 Shares pledged by Carlet Investments Ltd.
3. The capacity of Arisaig Partners (Mauritius) Limited in holding the 161,706,000 Shares was the fund manager of Arisaig Greater China Fund Limited.
4. The 161,706,000 Shares held by Arisaig Greater China Fund Limited were indirectly owned by Arisaig Partners (Holdings) Limited by virtue of its 100% ownership of Arisaig Partners (BVI) Limited. Arisaig Partners (Mauritius) Limited is a direct wholly-owned subsidiary of Arisaig Partners (BVI) Limited and the immediate holding company of Arisaig Greater China Fund Limited.
5. This refers to the same number of 161,706,000 Shares as mentioned in note 4 above through 33.33% interests in Arisaig Partners (Holdings) Limited held by Madeleine Ltd. Madeleine Ltd. is beneficially owned by Cooper Lindsay William Ernest.
6. This refers to the nil-paid warrant issued to Templeton Strategic Emerging Markets Fund II, LDC, represented by its investment manager, Templeton Asset Management Limited which warrant carries right to convert into 79,947,009 Shares.

Save as disclosed above, the Directors or chief executive of the Company are not aware of any other persons (not being Directors or chief executive of the Company) as at the Latest Practicable Date, who had an interest or short position in the Shares or underlying shares of the Company which would fall to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO or who was 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 other member of the Group, or in any options in respect of such capital.

## **5. LITIGATION**

As at the Latest Practicable Date, no member of the Group was engaged in any litigation or claim of material importance and, so far as the Directors were aware, no litigation or claim of material importance was pending or threatened against any member of the Group.

## **6. SERVICE CONTRACT**

As at the Latest Practicable Date, none of the Directors had entered, or proposed to enter, into a service contract with any member of the Group which would not be determinable by the relevant member of the Group within one year with payment of compensation, other than statutory compensation.

## **7. COMPETING INTERESTS**

As at the Latest Practicable Date, none of the Directors or their respective associates was interested in any business which competes or is likely to compete, whether directly or indirectly, with the business of the Company.

## **8. MISCELLANEOUS**

- (a) The secretary and qualified accountant of the Company is Mr. TSEUNG Sheung Shun, who is an associate member of the Hong Kong Institute of Certified Public Accountants.
- (b) The registered office of the Company is at P.O. Box 897 GT, Second Floor, One Capital Place, Grand Cayman, Cayman Islands, British West Indies and its principal place of business in Hong Kong is at Room 2502, Alexandra House, 18 Chater Road, Central, Hong Kong.
- (c) The branch share registrar and transfer office of the Company in Hong Kong is Tricor Secretaries Limited at 26th Floor, Tesbury Centre, 28 Queen's Road East, Hong Kong.
- (d) The English text of this circular shall prevail over the Chinese text for the purpose of interpretation.