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SEEC MEDIA GROUP LIMITED

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

(Stock Code: 205)

PROPOSED CAPITAL REORGANISATION AND PROPOSED CHANGE IN BOARD LOT SIZE

PROPOSED CAPITAL REORGANISATION

The Board proposes to implement the Capital Reorganisation which will involve the Share Consolidation, the Capital Reduction and the Share Sub-division, details of which are as follows:

(1) Share Consolidation

Every twenty (20) issued and unissued Existing Shares of par value of HK\$0.10 each in the share capital of the Company will be consolidated into one (1) Consolidated Share of par value of HK\$2.00 each.

(2) Capital Reduction

The Capital Reduction will be effected immediately upon the Share Consolidation becoming effective, pursuant to which (i) the total number of Consolidated Shares in the issued share capital of the Company immediately following the Share Consolidation will be rounded down to a whole number by cancelling any fraction in the issued share capital of the Company arising from the Share Consolidation; and (ii) the par value of each of the then issued Consolidated Shares will be reduced from HK\$2.00 to HK\$0.01 by cancelling the paid-up capital of the Company to the extent of HK\$1.99 on each of the then issued Consolidated Shares. The credits arising from (a) such reduction of the paid up capital; and (b) the cancellation of any fractional Consolidated Share in the issued share capital of the Company arising from the Share Consolidation will be applied towards setting off the accumulated losses of the Company as at the effective date of the Capital Reorganisation, the excess of which (if any) will be credited to the contributed surplus account of the Company within the meaning of the Companies Act.

(3) Share Sub-division

Immediately following the Capital Reduction, each of the authorised but unissued Consolidated Shares of par value of HK\$2.00 each will be sub-divided into two hundred (200) New Shares of par value of HK\$0.01 each.

WARNING

Shareholders should take note that the Capital Reorganisation is conditional upon satisfaction of conditions set out in the paragraph headed “Conditions of the Capital Reorganisation”. Therefore, the Capital Reorganisation may or may not proceed. Shareholders and potential investors of the Company are advised to exercise caution when dealing in the Existing Shares, and if they are in any doubt about their position, they should consult their professional advisers.

PROPOSED CHANGE IN BOARD LOT SIZE

The Board proposes to change the board lot size for trading in Shares on the Stock Exchange from 20,000 Existing Shares to 10,000 New Shares after and conditional upon the Capital Reorganisation becoming effective. Other than the relevant expenses, including but not limited to professional fees and printing charges to be incurred, the implementation of the Capital Reorganisation and the Change in Board Lot Size will have no material effect on the consolidated net asset value of the Group, nor will they alter the underlying assets, business, operations, management or financial position of the Company or the proportionate interests of the Shareholders. The Board believe that the Capital Reorganisation will not have any material adverse effect on the financial position of the Group.

GENERAL

The SGM will be convened and held for the Shareholders to consider and, if thought fit, approve the Capital Reorganisation. To the best of the Directors’ knowledge, information and belief having made all reasonable enquiries, no Shareholders are required to abstain from voting on the special resolutions to be proposed at the SGM. A circular containing, among other things, details of the Capital Reorganisation and a notice convening the SGM will be despatched to the Shareholders as soon as practicable.

PROPOSED CAPITAL REORGANISATION

The Board proposes to implement the Capital Reorganisation which will involve the Share Consolidation, the Capital Reduction and the Share Sub-division, details of which are as follows:

(1) Share Consolidation

Every twenty (20) issued and unissued Existing Shares of par value of HK\$0.10 each in the share capital of the Company will be consolidated into one (1) Consolidated Share of par value of HK\$2.00.

(2) Capital Reduction

The Capital Reduction will be effected immediately upon the Share Consolidation becoming effective, pursuant to which (i) the total number of Consolidated Shares in the issued share capital of the Company immediately following the Share Consolidation will be rounded down to a whole number by cancelling any fraction in the issued share capital of the Company arising from the Share Consolidation; and (ii) the par value of each of the then issued Consolidated Shares will be reduced from HK\$2.00 to HK\$0.01 by cancelling the paid-up capital of the Company to the extent of HK\$1.99 on each of the then issued Consolidated Shares. The credits arising from (a) such reduction of the paid up capital; and (b) the cancellation of any fractional Consolidated Share in the issued share capital of the Company arising from the Share Consolidation will be applied towards setting off the accumulated losses of the Company as at the effective date of the Capital Reorganisation, the excess of which (if any) will be credited to the contributed surplus account of the Company within the meaning of the Companies Act.

(3) Share Sub-division

Immediately following the Capital Reduction, each of the authorised but unissued Consolidated Shares of par value of HK\$2.00 each will be sub-divided into two hundred (200) New Shares of par value of HK\$0.01 each.

Effects of the Capital Reorganisation

As at the date of this announcement, the authorised share capital of the Company is HK\$1,000,000,000 divided into 10,000,000,000 Existing Shares of par value of HK\$0.10 each, of which 6,373,545,516 Existing Shares have been issued and fully paid or credited as fully paid. Assuming there will be no change in the issued share capital of the Company from the date of this announcement until the effective date of the Capital Reorganisation, the authorised share capital of the Company will be HK\$1,000,000,000 divided into 100,000,000,000 New Shares of par value of HK\$0.01 each, of which 318,677,275 New Shares will be in issue and the aggregate par value of the issued share capital of the Company will be HK\$3,186,772.75 upon the Capital Reorganisation becoming effective.

Based on the 6,373,545,516 Existing Shares in issue as at the date of this announcement, a credit of HK\$634,167,778.85 will arise as a result of the Capital Reorganisation. It is proposed that the total credit arising in the accounts of the Company from the Capital Reorganisation will be applied towards setting off the accumulated losses of the Company upon the Capital Reorganisation becoming effective. Any excess of such credits will be transferred to the contributed surplus account of the Company which may be utilised by the Board in any manner as the Board may deem fit as may be permitted under the applicable laws and the Bye-laws.

Shareholders and potential investors of the Company should note that the credits arising in the books from the Capital Reorganisation will be subject to change depending on the number of the Existing Shares in issue immediately prior to the Capital Reorganisation becoming effective.

Assuming no further Existing Shares will be issued or repurchased after the date of this announcement but prior to the effective date of the Capital Reorganisation, the effect of the Capital Reorganisation and the share capital structure of the Company is summarised below:

	As at the date of this announcement	Immediately after the Capital Reorganisation
Par value	HK\$0.10 per Existing Share	HK\$ 0.01 per New Share
Authorised share capital	HK\$1,000,000,000.00	HK\$1,000,000,000.00
Number of authorised shares	10,000,000,000 Existing Shares	100,000,000,000 New Shares
Number of issued shares	6,373,545,516 Existing Shares	318,677,275 New Shares
Issued share capital	HK\$637,354,551.60	HK\$3,186,772.75

Other than the relevant expenses, including but not limited to professional fees and printing charges to be incurred, the implementation of the Capital Reorganisation and the Change in Board Lot Size will have no material effect on the consolidated net asset value of the Group, nor will they alter the underlying assets, business, operations, management or financial position of the Company or the proportionate interests of the Shareholders, save for any fractional New Shares to which Shareholders may be entitled. The Board believes that the Capital Reorganisation will not have any material adverse effect on the financial position of the Group.

Status of the New Shares

All New Shares in issue immediately following the Capital Reorganisation becoming effective will rank pari passu in all respects with each other in accordance with the Bye-laws and the Capital Reorganisation will not result in any change in the relative rights of the Shareholders.

Fractional entitlement to New Shares

Any fractional Shares arising from the Share Consolidation will not be allocated to the Shareholders. Any fractional entitlement to the Consolidated Shares will be aggregated, sold and retained for the benefit of the Company.

Conditions of the Capital Reorganisation

The Capital Reorganisation is conditional upon:

- (1) the passing of the necessary special resolution(s) by the Shareholders to approve the Capital Reorganisation at the SGM;
- (2) the Stock Exchange granting the listing of, and the permission to deal in, the New Shares arising from the Capital Reorganisation; and
- (3) the compliance with the relevant procedures and requirements under the Companies Act and the Listing Rules to effect the Capital Reorganisation.

Assuming the above conditions are fulfilled on or before the date of the SGM, the Capital Reorganisation is expected to become effective on the second Business Day immediately after the date of passing of the relevant special resolution(s) approving the Capital Reorganisation at the SGM.

Listing and dealings

Application will be made to the Stock Exchange for the listing of, and permission to deal in, the New Shares arising from the Capital Reorganisation.

Subject to the granting of the listing of, and permission to deal in, the New Shares on the Stock Exchange, the New 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 New 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.

The New Shares will be identical in all respects and rank pari passu in all respects with each other in accordance with the Bye-laws as to all future dividends and distributions which are to be declared, made or paid. All necessary arrangements will be made for the New Shares to be admitted into CCASS.

PROPOSED CHANGE IN BOARD LOT SIZE

As at the date of this announcement, the Existing Shares are traded on the Stock Exchange in board lot size of 20,000 Existing Shares. The Board proposes to change the board lot size for trading in Shares on the Stock Exchange from 20,000 Existing Shares to 10,000 New Shares conditional upon the Capital Reorganisation becoming effective.

Based on the closing price of HK\$0.015 per Existing Share (equivalent to the theoretical closing price of HK\$0.30 per New Share) as at the date of this announcement, the value of each existing board lot of the Existing Shares is HK\$300 and the theoretical market value of each new board lot of the New Shares, assuming the Capital Reorganisation had become effective, would be HK\$3,000.

REASONS FOR THE CAPITAL REORGANISATION AND CHANGE IN BOARD LOT SIZE

Share Consolidation

Pursuant to Rule 13.64 of Listing Rules, where the market price of the securities of an issuer approaches the extremities of HK\$0.01 or HK\$9,995.00, the Stock Exchange reserves the right to require the issuer either to change the trading method or proceed with a consolidation or splitting of securities.

The “Guide on Trading Arrangements for Selected Types of Corporate Actions” issued by the Hong Kong Exchanges and Clearing Limited on 28 November 2008 and updated on 30 August 2019 has stated that market price of the Shares at a level less than HK\$0.1 will be considered as trading at extremity as referred to under Rule 13.64 of the Listing Rules.

Taking into account of the closing price of HK\$0.015 per Share on 2 March 2020 (being the date of this announcement), the Share Consolidation would enable the Company to comply with the trading requirements under the Listing Rules.

The Share Consolidation will increase the par value of the Shares and will reduce the total number of Shares currently in issue. As such, it is expected that the Share Consolidation will bring about a corresponding upward adjustment in the trading price of the Shares.

The Board considers that the Share Consolidation is beneficial to and in the interests of the Company and the Shareholders as a whole.

As at the date of this announcement, the Company has no intention to carry out other corporate actions in the next 12 months which may have an effect of undermining or negating the intended purpose of the Share Consolidation and the Change in Board Lot Size or may have dilutive effect on the value of the Shares, and the Company does not have any concrete plan to conduct any fund raising activities in the next 12 months. However, the Board cannot rule out the possibility that the Company will conduct debt and/or equity fund raising exercises when suitable fund raising opportunities arise in order to support future development of the Group. The Company will make further announcement in this regard in accordance with the Listing Rules as and when appropriate.

Capital Reduction and Share Sub-division

The Company is prohibited from issuing new Shares at below its par value. Immediately after completion of the Share Consolidation but before implementation of the Capital Reduction and the Share Sub-division, the par value of the Consolidated Shares will be HK\$2.00 per Consolidated Share. The Capital Reduction and the Share Sub-division will keep the par value of the New Shares at a lower level of HK\$0.01 per New Share, which allows greater flexibility in the pricing for any issue of new Shares in the future. Furthermore, the credit in the contributed surplus account arising from the Capital Reduction will enable the Company to set off its accumulated loss and may be applied in future for distribution to the Shareholders or in any manner permitted by the Companies Act and the Bye-laws. The Board considers that the Capital Reduction and the Share Sub-division is beneficial to and in the interests of the Company and the Shareholders as a whole.

Change in Board Lot Size

Subject to the Capital Reorganisation becoming effective, the Board also proposes to change the board lot size for trading in Shares on the Stock Exchange from 20,000 Existing Shares to 10,000 New Shares. The Board considers that the Change in Board Lot Size will reduce the board lot value of the New Shares after the Capital Reorganisation becoming effective and therefore will result in higher liquidity of the New Shares. The Board is also of the view that by adjusting the board lot size to 10,000 New Shares, it will yield the benefit of reducing the number of odd lot shares created per new board lot compared to the other board lot size options while maintaining the goals of the Capital Reorganisation and Change in Board Lot Size as mentioned above. The Board considers that the Change in Board Lot Size is beneficial to and in the interests of the Company and the Shareholders as a whole.

Exchange of share certificates

Subject to the Capital Reorganisation becoming effective, Shareholders may, on or after Wednesday, 1 April 2020 until Wednesday, 13 May 2020 (both days inclusive), submit share certificates for the Existing Shares (in green colour) to the Registrar, Tricor Secretaries Limited, at Level 54, Hopewell Centre, 183 Queen's Road East, Hong Kong at the expense of the Company, for new share certificates of the New Shares (in red colour) (on the basis of twenty (20) Existing Shares for one (1) New Share). Thereafter, certificates of Existing Shares will be accepted for exchange only on payment of a fee of HK\$2.50 (or such other amount as may from time to time be specified by the Stock Exchange) by the Shareholders for each share certificate for the Existing Shares submitted for cancellation or each new share certificate issued for the New Shares, whichever the number of certificates cancelled/issued is higher. After 4:30 p.m. on Wednesday, 13 May 2020, existing share certificates for the Existing Shares will only remain effective as documents of title and may be exchanged for certificates for New Shares at any time but will not be accepted for delivery, trading and settlement purposes.

ARRANGEMENT FOR MATCHING SERVICE FOR ODD LOTS

In order to alleviate the difficulties arising from the existence of odd lots of New Shares as a result of the Capital Reorganisation, the Company will appoint an agent to arrange for matching service on a best efforts basis regarding the sale and purchase of odd lots of the New Shares from Friday, 17 April 2020 to Monday, 11 May 2020 (both days inclusive). Shareholders should note that matching of the sale and purchase of odd lots of the New Shares is not guaranteed. Any Shareholder who is in any doubt about the odd lots arrangement is recommended to consult his/her/its own professional advisers. Further details in respect of the odd lots trading arrangement will be set out in the circular to be despatched to the Shareholders.

BOOK CLOSURE FOR DETERMINING ENTITLEMENTS TO ATTEND AND VOTE AT THE SGM

For determining the entitlement to attend and vote at the SGM, the register of members of the Company will be closed for registration from Wednesday, 25 March 2020 to Monday, 30 March 2020, both days inclusive. In order to be eligible to attend and vote at the SGM, all completed transfer forms accompanied by the relevant share certificates must be lodged with the Registrar, Tricor Secretaries Limited at Level 54, Hopewell Centre, 183 Queen's Road East, Hong Kong for registration not later than 4:30 p.m. on Tuesday, 24 March 2020.

ADJUSTMENTS TO THE OUTSTANDING SHARE OPTIONS

Share options

According to the rules of the Share Option Scheme, if there is any alteration in the capital structure of the Company whether by way of, among others, consolidation, subdivision or reduction of the share capital of the Company, while any options remains exercisable, corresponding alteration shall be made to the subscription price of the options. The aforementioned alteration is conditional on the confirmation in writing by the auditors of the Company or the independent financial adviser appointed by the Company that the alteration is made on the basis that the proportion of the issued share capital of the Company to which a participant of the Share Option Scheme is entitled after such alteration shall remain the same as that to which he or she was entitled before such alteration. No such alteration shall be made to the effect of which would be to enable any Share to be issued at less than its par value or which would result in the aggregate amount payable on the exercise of any option in full being increased.

As at the date of this announcement, there were outstanding options granted under the Share Option Scheme to subscribe for 637,200,000 Existing Shares. The Directors will determine, according to the rules of the Share Option Scheme, the adjustments (if any) required to be made in respect of the outstanding options as a result of the Share Consolidation, the Capital Reduction and the Share Sub-division. As the adjustments to the outstanding options are subject to the Share Consolidation, the Capital Reduction and the Share Sub-division taking effect and the written confirmation by the auditors of the Company or the independent financial advisers appointed by the Company, the Company cannot determine the adjustments to be made as at the date of this announcement. The Company will make further announcements regarding the adjustments in accordance with the Listing Rules in due course.

Save as disclosed above, the Company does not have any other derivatives, options, warrants and conversion rights or other similar rights which are convertible or exchangeable into, any Existing Shares or Consolidated Shares, as at the date of this announcement.

EXPECTED TIMETABLE

The expected timetable for the implementation of the Capital Reorganisation is set out below:

Event	Time and date
Expected date of despatch of circular with notice of the SGM and form of proxy	On or before Friday, 13 March 2020
Latest time and date for lodging transfer document in order to qualify for attending and voting at the SGM	4:30 p.m. on Tuesday, 24 March 2020
Book closure period to determine entitlements to attend the SGM (both days inclusive)	Wednesday, 25 March 2020 to Monday, 30 March 2020
Latest time and date for lodging forms of proxy for the SGM	11:00 a.m. on Saturday, 28 March 2020
Expected time and date of the SGM	11:00 a.m. on Monday, 30 March 2020
Publication of announcement of poll results of the SGM	Monday, 30 March 2020

The following events are conditional on the fulfilment of the conditions for the implementation of the Capital Reorganisation:

Event	Time and date
Expected effective date of the Capital Reorganisation.	Wednesday, 1 April 2020
First day for free exchange of existing share certificates for share certificates of the New Shares.	Wednesday, 1 April 2020
Commencement of dealings in the New Shares.	9:00 a.m. on Wednesday, 1 April 2020

Event	Time and date
Original counter for trading in the Existing Shares in board lots of 20,000 Existing Shares (in the form of existing share certificates) temporarily closes	9:00 a.m. on Wednesday, 1 April 2020
Temporary counter for trading in the New Shares in temporary board lots of 1,000 New Shares (in the form of existing share certificates) opens	9:00 a.m. on Wednesday, 1 April 2020
Original counter for trading in the New Shares in board lots of 10,000 New Shares (in the form of new share certificates) re-opens	9:00 a.m. on Friday, 17 April 2020
Parallel trading in the New Shares (in the form of new share certificates in board lots of 10,000 New Shares and existing share certificates in board lots of 1,000 New Shares) commences	9:00 a.m. on Friday, 17 April 2020
Designated broker starts to stand in the market to provide matching services for odd lots of the New Shares	9:00 a.m. on Friday, 17 April 2020
Temporary counter for trading in the New Shares in temporary board lots of 1,000 New Shares (in the form of existing share certificates) closes	4:10 p.m. on Monday, 11 May 2020
Parallel trading in the New Shares (in the form of new share certificates in board lots of 10,000 New Shares and existing share certificates in board lots of 1,000 New Shares) ends	4:10 p.m. on Monday, 11 May 2020
Designated broker ceases to provide matching services for odd lots of the New Shares	4:10 p.m. on Monday, 11 May 2020
Last day for free exchange of existing share certificates for the share certificates of the New Shares	4:30 p.m. on Wednesday, 13 May 2020

All times and dates specified in the timetable above refer to Hong Kong times and dates.

This timetable is indicative only and any subsequent changes to the expected timetable will be announced by the Company as and when appropriate.

WARNING

Shareholders should take note that the Capital Reorganisation is conditional upon satisfaction of conditions set out in the paragraph headed “Conditions of the Capital Reorganisation”. Therefore, the Capital Reorganisation may or may not proceed. Shareholders and potential investors of the Company are advised to exercise caution when dealing in the Existing Shares, and if they are in any doubt about their position, they should consult their professional advisers.

GENERAL

The SGM will be convened and held for the Shareholders to consider and, if thought fit, approve the Capital Reorganisation. To the best of the Directors’ knowledge, information and belief having made all reasonable enquiries, no Shareholders are required to abstain from voting on the special resolutions to be proposed at the SGM. A circular containing, among other things, details of the Capital Reorganisation and a notice convening the SGM will be despatched to the Shareholders on or before Friday, 13 March 2020.

DEFINITIONS

Terms or expressions used in this announcement shall, unless the context otherwise requires, have the meanings ascribed to them as below:

“Board”	the board of Directors
“Business Day(s)”	a day (other than public holiday, a Saturday or Sunday) on which banks in Hong Kong are generally open for business
“Bye-laws”	the bye-laws of the Company, as amended from time to time
“Capital Reduction”	the cancellation of any fraction in the issued share capital of the Company arising as a result of the Share Consolidation (if applicable) and the proposed reduction of the par value of each of the then issued Consolidated Shares from HK\$2.00 to HK\$0.01 by cancelling the paid-up capital to the extent of HK\$1.99 on each of the then issued Consolidated Shares

“Capital Reorganisation”	the proposed reorganisation of the share capital of the Company involving the Share Consolidation, the Capital Reduction and the Share Sub-division
“CCASS”	the Central Clearing and Settlement System operated by HKSCC
“Change in Board Lot Size”	the proposed change in board lot size for trading in the Shares on the Stock Exchange from 20,000 Existing Shares to 10,000 New Shares upon the Capital Reorganisation becoming effective
“Company”	SEEC Media Group Limited, a company incorporated in Cayman Islands and continued in Bermuda with limited liability and the issued Shares are listed on the main board of the Stock Exchange (stock code: 205)
“Companies Act”	the Companies Act 1981 of Bermuda
“Consolidated Share(s)”	ordinary share(s) of par value of HK\$2.00 each in the share capital of the Company immediately after the Share Consolidation but before the Capital Reduction and the Share Sub-division becoming effective
“Director(s)”	the director(s) of the Company
“Existing Share(s)”	ordinary share(s) of par value of HK\$0.10 each in the share capital of the Company prior to the Capital Reorganisation becoming effective
“Group”	the Company and its subsidiaries, from time to time
“HKSCC”	Hong Kong Securities Clearing Company Limited
“Hong Kong”	the Hong Kong Special Administrative Region of the People’s Republic of China
“Listing Rules”	The Rules Governing the Listing of Securities on the Stock Exchange
“New Share(s)”	the ordinary share(s) of par value of HK\$0.01 each in the share capital of the Company immediately upon the Capital Reorganisation becoming effective
“Registrar”	the branch share registrar and transfer office of the Company in Hong Kong, being Tricor Secretaries Limited, at Level 54, Hopewell Centre, 183 Queen’s Road East, Hong Kong

“SGM”	the special general meeting of the Company to be convened and held for the Shareholders to consider and, if thought fit, approve the Capital Reorganisation
“Share(s)”	the Existing Share(s), the Consolidated Share(s) and/or the New Share(s), as the case may be
“Share Consolidation”	the proposed consolidation of every twenty (20) issued and unissued Existing Shares of par value of HK\$0.10 each in the share capital of the Company into one (1) Consolidated Share of par value of HK\$2.00 each
“Share Option Scheme”	the share option scheme of the Company adopted on 11 May 2012
“Share Sub-division”	the proposed sub-division of each of the authorised but unissued Consolidated Shares of par value of HK\$2.00 each into two hundred (200) New Shares of par value of HK\$0.01 each
“Shareholder(s)”	the holder(s) of the Existing Shares, the Consolidated Shares or the New Shares, as the case may be
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong
“%”	per cent

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

Hong Kong, 2 March 2020

As at the date of this announcement, the Board comprises Mr. Li Leong, Mr. Li Xi, Mr. Li Zhen, Mr. Zhang Zhifang and Mr. Zhou Hongtao as the executive directors and Mr. Law Chi Hung, Mr. Leung Tat Yin and Mr. Wong Ching Cheung as the independent non-executive directors.