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20 years, young HC!

HC INTERNATIONAL, INC.

慧聪网有限公司*

(incorporated in the Cayman Islands with limited liability)

(Stock Code: 02280)

**DISCLOSEABLE TRANSACTION IN RELATION TO
THE SALE AND PURCHASE OF 100% SHARES
IN ORANGE TRIANGLE INC. INVOLVING ISSUE OF
CONSIDERATION SHARES UNDER SPECIFIC MANDATE**

THE SALE AND PURCHASE AGREEMENT

Reference is made to the announcement of the Company dated 17 March 2015 in relation to, amongst other things, the entering into the Letter of Intent in relation to the Proposed Acquisitions.

The Board is pleased to announce that on 8 May 2015 (after trading hours), the Seller, the Company and the Seller Guarantors entered into the Sale and Purchase Agreement, pursuant to which the Seller have conditionally agreed to sell, and the Company has conditionally agreed to acquire the Sale Shares, representing all the issued share capital of the Target Company for a Consideration of RMB1,500,000,000, 30% of which will be paid in cash and the remaining 70% will be settled by allotment of the Consideration Shares at HK\$8.5 each. The principal terms of which are set out below.

The Consideration Shares comprising 155,684,485 new Shares represent approximately 23.31% of the existing issued share capital of the Company and approximately 18.91% of the issued share capital of the Company as enlarged by the issue and allotment of the Consideration Shares.

Completion is conditional upon the satisfaction of the Conditions Precedent as more particularly set out in the section headed “**Conditions Precedent**” below.

* For identification purposes only

THE STRUCTURED CONTRACTS

Subject to fulfillment or waiver (as the case may be) of the Conditions Precedent, Orange Beijing or the Target Company will enter into the Structured Contracts with Beijing Zhixing Ruijing and/or Beijing Zhixing Ruijing's shareholders. Pursuant to the Structured Contracts, Orange Beijing or the Target Company will provide certain technical consultation and service, including but not limited to technical services support, intellectual property licensing, and business and management consultation, whereas Beijing Zhixing Ruijing will pay the service fee equal to a certain percentage of the net income of Beijing Zhixing Ruijing. In addition, relevant parties will enter into certain agreements in relation to, among other things, the pledge of, and grant of exclusive acquisition rights of, the equity interests in Beijing Zhixing Ruijing, details of which are referred to in the paragraph headed "THE STRUCTURED CONTRACTS" in this announcement.

LISTING RULES IMPLICATIONS

As the applicable percentage ratio(s) in respect of the Sale and Purchase Agreement is more than 5% but less than 25%, the transactions contemplated under the Sale and Purchase Agreement constitutes a discloseable transaction of the Company and is subject to the reporting and announcement requirements under Chapter 14 of the Listing Rules.

The Company will seek approval for, among other things, the issue of the Consideration Shares under the Specific Mandate from the Shareholders at the EGM. To the best of the Directors' knowledge, information and belief having made all reasonable enquires, no Shareholder is required to abstain from voting on the resolutions to be proposed at the EGM.

GENERAL

An EGM will be convened and held for the Shareholders to consider and, if thought fit, approve the issue of the Consideration Shares under the Specific Mandate.

A circular containing, among other things, (i) further details of the Sale and Purchase Agreement and the transactions contemplated thereunder; (ii) details of the Specific Mandate; and (iii) the notice of the EGM together with the proxy form will be despatched to the Shareholders as soon as practicable in accordance with the requirements of the Listing Rules which is expected to be on or before 29 May 2015.

INTRODUCTION

Reference is made to the announcement of the Company dated 17 March 2015 in relation to, amongst other things, the entering into the Letter of Intent in relation to the Proposed Acquisitions. The Board is pleased to announce that on 8 May 2015 (after trading hours), the Seller, the Company and the Seller Guarantors entered into the Sale and Purchase Agreement, pursuant to which the Seller have conditionally agreed to sell, and the Company has conditionally agreed to acquire the Sale Shares, representing all the issued share capital of the Target Company, for a Consideration of RMB1,500,000,000. The principal terms of which are set out below.

THE SALE AND PURCHASE AGREEMENT

Date: 8 May 2015

Parties: (i) The Seller as vendor;
(ii) the Company as purchaser; and
(iii) Mr. Liu, Ms. Wang, Mr. Shi and Ms. Yang Ye shall collectively as the Seller Guarantors

As at the date of this announcement, each of Wisdom Limited (a company incorporated in the British Virgin Islands and wholly and beneficially owned by Mr. Liu), Wiki Limited (a company incorporated in the British Virgin Islands and wholly and beneficially owned by Ms. Wang), Mr. Shi and Ms. Yang Ye is holding 40%, 25%, 20% and 15% of the issued share capital in the Seller respectively. To the best of the Directors' knowledge, information and belief, having made all reasonable enquiries, each of the Seller and the Seller Guarantors is an Independent Third Party.

Subject matter of the Sale and Purchase Agreement

Pursuant to the Sale and Purchase Agreement, the Seller has conditionally agreed to sell, and the Company has conditionally agreed to acquire the Sale Shares, representing all the issued share capital of the Target Company.

The Target Company holds the entire issued share capital in Orange HK which in turn will hold 100% equity interest in Orange Beijing. Orange Beijing will enter into the Structured Contracts with Beijing Zhixing Ruijing on or before the Completion Date.

Consideration

The Consideration for purchasing the Sale Shares, shall be the US\$ equivalent amount of RMB1,500,000,000 subject to downward adjustments (as detailed in the section headed "Performance Targets and Adjustment mechanism" below) in accordance with the Sale and Purchase Agreement. The Consideration was determined after arm's length negotiations between the Company and the Seller after taking into account, among others, (i) the Performance Targets (as defined below) of the Target Group; (ii) the latest unaudited net asset value of the Target Group; (iii) the operating performance of the Target Group including but not limited to the number of registered users, number of daily visitors and the leading position in the industry; (iv) the competitive strengths of the Target Group; (v) the business prospect of the Target Group; (vi) the payment terms of the Consideration; and (vii) the opportunity for the Company to widen its customer base and business network as a result of the Proposed Acquisitions.

The Company will make the payment of the Consideration for purchasing the Sale Shares in the following manner:–

- (a) Thirty percent (30%) of the Consideration (i.e. the US\$ equivalent amount of RMB450,000,000) shall be payable cash denominated in US\$ ("**Cash Consideration**") to the Seller's designated account on the Completion Date. In the Company's discretion, any outstanding amount of principal and/or interest under the Facility on the Completion Date shall be automatically converted into a prepayment by the Company to the Seller towards the Cash Consideration and the Company's obligation to pay such portion of the Cash Consideration shall be discharged accordingly; and

- (b) The remaining seventy percent (70%) of the Consideration (i.e. the US\$ equivalent amount of RMB1,050,000,000) shall be settled by the allotment and issuance of 155,684,485 Considerations Shares at HK\$8.5 per Consideration Share, subject to the adjustment mechanism, to each of the Seller Guarantors in the following manner:–

Seller Guarantor or its Designated Person	Relevant Percentage (“Relevant Percentage”)	Number of Consideration Shares to be received on Completion Date
Mr. Liu	40%	62,273,794
Ms. Wang	25%	38,921,121
Mr. Shi	20%	31,136,897
Ms. Yang Ye	15%	23,352,673
	Total:	155,684,485

The Consideration Shares comprising 155,684,485 Shares represent approximately 23.31% of the existing issued share capital of the Company and approximately 18.91% of the issued share capital of the Company as enlarged by the issue and allotment of the Consideration Shares. The Consideration Shares shall be allotted and issued pursuant to a Specific Mandate to be sought at the EGM.

Upon the issuance of the Consideration Shares to each Seller Guarantor or its Designated Person on the Completion Date, each Seller Guarantor shall or shall procure its Designated Person immediately deposit all documents evidencing his/her title to such Consideration Shares and the Pre-signed Repurchase Agreements to the Escrow Agent, which shall hold such documents during the Performance Undertaking Period in accordance with the Escrow Agreement. Notwithstanding that each Seller Guarantor or its Designated Person is the legal registered holder of the Consideration Shares according to the Relevant Percentage, so long as any Consideration Share is held by the Escrow Agent under the Escrow Agreement, each Seller Guarantor or its Designated Person shall not exercise the voting rights attached to such Consideration Shares.

Notwithstanding the foregoing, in the event Mr. Liu and/or Ms. Wang, in breach of his/her service agreement, resigns or otherwise terminate his/her service agreement before the expiry of the Performance Undertaking Period, all the remaining Consideration Shares registered under the name of his/her Designated Persons then held by the Escrow Agent shall automatically constitute reduced shares and be repurchased pursuant to the provisions of the Sale and Purchase Agreement, upon which Mr. Liu and/or Ms. Wang shall be deemed to unconditionally release and discharge the Company from any and all obligations with respect to such Consideration Shares.

Performance Targets and Adjustment mechanism

Pursuant to the Sale and Purchase Agreement, each of the Seller Guarantors or its Designated Person undertakes that the Target Group shall achieve the Performance Target for each Performance Undertaking Year during the Performance Undertaking Period as follows:

Performance Undertaking Year	After-tax profit as set out in the audited results of the Target Group
First Performance Undertaking Year	RMB100,000,000
Second Performance Undertaking Year	RMB130,000,000
Third Performance Undertaking Year	RMB170,000,000

The Performance Undertaking Period shall be three years calculated from the first day of the month in which Completion takes place and each Performance Undertaking Year shall be each 12 month period during the Performance Undertaking Period.

By the end of each Performance Undertaking Year, the Company shall engage an auditor designated by the Company to conduct a formal audit on the financial performance of the Target Group in that Performance Undertaking Year within three months from the end of such Performance Undertaking Year.

First Performance Undertaking Year

If the after tax profit as set out in the audited results for the First Performance Undertaking Year is equal to or more than RMB100,000,000, the Seller Guarantors or their Designated Persons will not be required to compensate the Company. The Company and each Seller Guarantor or their Designated Person shall jointly instruct the Escrow Agent, as the case may be, to release 66,726,370 Consideration Shares as agreed and all dividends attached to such Consideration Shares to the relevant Seller Guarantor or its Designated Person according to the Relevant Percentage.

If the after tax profit as set out in the audited results for the First Performance Undertaking Year is between RMB70,000,000 and RMB100,000,000, the Company shall inform the Seller Guarantors or its Designated Persons in writing within 10 days after the dispatch of such audited results and the Company and each Seller Guarantor or its Designated Person shall jointly instruct the Escrow Agent, as the case may be, to release such amount of Consideration Shares and all dividends attached thereto to the relevant Seller Guarantor or their Designated Representatives as set out in the below adjustment mechanism column titled “Total number of Consideration Shares to be released to the Seller Guarantor” or to the Company as set out in the below adjustment mechanism column titled “Total number of Consideration Shares to be repurchased by the Company”. The Company shall repurchase such Consideration Shares at a total consideration of RMB1.00 and such Consideration Shares shall be cancelled by the Company thereafter.

After-tax profit as set out in the audited results of the Target Group for the First Performance Undertaking Year	Total number of Consideration Shares to be released to the Seller Guarantors	Total number of Consideration Shares to be repurchased by the Company
RMB100,000,000 or above	66,726,370	0
Between RMB90,000,000 (inclusive) and RMB100,000,000	60,371,478	6,354,892
Between RMB80,000,000 (inclusive) and RMB90,000,000	47,661,693	19,064,677
Between RMB70,000,000 (inclusive) and RMB80,000,000	28,597,016	38,129,354
Less than RMB70,000,000	0	66,726,370

Buy back mechanism

In consideration of each of the Seller Guarantors or its Designated Person undertake that the Target Group shall achieve the Performance Target for each Performance Undertaking Year during the Performance Undertaking Period, the Company has absolute discretion to unwind the Sale and Purchase Agreement by serving a written notice within a three month period following the issuance of the audited accounts of the Target Group for the First Performance Undertaking Year to the other parties to dispose of the Sale Shares to the Seller if the Target Company achieves less than RMB70,000,000 in its after-tax profit as set out in the audited results for the First Performance Undertaking Year.

Upon the serving of the written notice, the obligation of the Company to pay the Consideration shall immediately lapse and the parties agree to, and undertake to sign and procure to sign all necessary documents and take all necessary actions to reverse the transactions (to the extent that it has occurred or completed on or prior to the date of termination), including but not limited to refunding all Cash Consideration by the Seller to the Company, the Company and each Seller Guarantor or its Designated Person shall jointly instruct the Escrow Agent, as the case may be, to release all the Consideration Shares and all dividends attached to such Consideration Shares to the Company. The Company shall repurchase such Consideration Shares at a total consideration of RMB1.00 and such Consideration Shares shall be cancelled by the Company thereafter.

In case the proposed repurchase and cancellation of such Consideration Shares cannot be implemented as a result of the failure to obtain the approvals from the creditors of the Company or the Shareholders for the reduction in capital of the Company or from the relevant regulatory authorities, the Seller Guarantors or their Designated Persons undertake that the relevant parties shall dispose of all such Consideration Shares in the market and return all the proceeds to the Company within nine months commencing from the date of confirming the failure of obtaining the relevant approvals.

Second Performance Undertaking Year

If the after tax profit as set out in the audited results for the Second Performance Undertaking Year is equal to or more than RMB130,000,000, the Seller Guarantors or their Designated Persons will not be required to compensate the Company. The Company and each Seller Guarantor or its Designated Person shall jointly instruct the Escrow Agent, as the case may be, to release 44,479,057 Consideration Shares as agreed and all dividends attached to such Shares to the relevant Seller Guarantor or its Designated Person according to the Relevant Percentage.

If the after tax profit as set out in the audited results for the Second Performance Undertaking Year is less than RMB130,000,000, the Company shall inform the Seller Guarantors or its Designated Persons in writing within 10 days after the dispatch of such audited results and the Company and each Seller Guarantor or its Designated Person shall jointly instruct the Escrow Agent, as the case may be, to release such amount of Consideration Shares and all dividends attached thereto to the relevant Seller Guarantor or its Designated Representatives as set out in the below adjustment mechanism column titled “Total number of Consideration Shares to be released to the Seller Guarantor” or to the Company as set out in the below adjustment mechanism column titled “Total number of Consideration Shares to be repurchased by the Company”. The Company shall repurchase such Consideration Shares at a total consideration of RMB1.00 and such Consideration Shares shall be cancelled by the Company thereafter.

After-tax profit as set out in the audited results of the Target Group for the Second Performance Undertaking Year	Total number of Consideration Shares to be released to the Seller Guarantors	Total number of Consideration Shares to be repurchased by the Company
RMB130,000,000 or above	44,479,057	0
Between RMB117,000,000 (inclusive) and RMB130,000,000	40,242,957	4,236,100
Between RMB104,000,000 (inclusive) and RMB117,000,000	31,770,755	12,708,302
Between RMB91,000,000 (inclusive) and RMB104,000,000	19,062,453	25,416,604
Less than RMB91,000,000	0	44,479,057

Third Performance Undertaking Year

If the after tax profit as set out in the audited results for the Third Performance Undertaking Year is equal to or more than RMB170,000,000, the Seller Guarantors or their Designated Persons will not be required to compensate the Company. The Company and each Seller Guarantor or their Designated Person shall jointly instruct the Escrow Agent, as the case may be, to release 44,479,058 Consideration Shares as agreed and all dividends attached to such Shares to the relevant Seller Guarantor or its Designated Person according to the Relevant Percentage.

If the after tax profit as set out in the audited results for the Third Performance Undertaking Year is less than RMB170,000,000, the Company shall inform the Seller Guarantors or its Designated Persons in writing within 10 days after the dispatch of such audited results and the Company and each Seller Guarantor or their Designated Person shall jointly instruct the Escrow Agent, as the case may be, to release such amount of Consideration Shares and all dividends attached thereto to the relevant Seller Guarantor or its Designated Representatives as set out in the below adjustment mechanism column titled “Total number of Consideration Shares to be released to the Seller Guarantor” or to the Company as set out in the below adjustment mechanism column titled “Total number of Consideration Shares to be repurchased by the Company”. The Company shall repurchase such Consideration Shares at a total consideration of RMB1.00 and such Consideration Shares shall be cancelled by the Company thereafter.

After-tax profit as set out in the audited results of the Target Group for the Third Performance Undertaking Year	Total number of Consideration Shares to be released to the Seller Guarantors	Total number of Consideration Shares to be repurchased by the Company
RMB170,000,000 or above	44,479,058	0
Between RMB153,000,000 (inclusive) and RMB170,000,000	40,242,958	4,236,100
Between RMB136,000,000 (inclusive) and RMB153,000,000	31,770,756	12,708,302
Between RMB119,000,000 (inclusive) and RMB136,000,000	19,062,454	25,416,604
Less than RMB119,000,000	0	44,479,058

During the Performance Undertaking Period, when there is a shortfall in the audited after tax profit as set out in the audited results, the Company shall repurchase the relevant Consideration Shares pursuant to the then repurchase agreement, it shall comply with relevant rules, regulations and codes and obtain prior approvals from the relevant regulatory authorities in the PRC and Hong Kong, including but not limited to the compliance of the Hong Kong Code on Share Repurchase and approvals from the SFC, and from the disinterested Shareholders.

In case all approvals are obtained from the relevant regulatory authorities and from the disinterested Shareholders, the Company will repurchase such Consideration Shares and cancel all of them thereafter. As a result, the then respective equity interests of all Shareholders other than the Seller Guarantors or their Designated Persons will increase.

In case the proposed repurchase and cancellation of such Consideration Shares cannot be implemented as a result of the failure to obtain the approvals from the creditors of the Company or the Shareholders for the reduction in capital of the Company or from the relevant regulatory authorities, the Seller Guarantors or their Designated Persons undertakes that the relevant parties shall dispose of all such Consideration Shares in the market and return all the proceeds to the Company within nine months commencing from the date of confirming the failure of obtaining the relevant approvals.

Both of the repurchase of such Consideration Shares from the Seller Guarantors or their Designated Persons by the Company and the proposed disposal of the Consideration Shares are in accordance with the relevant rules and regulations and the usual market practice in the PRC, which aim to enhance and protect the interests of the disinterested Shareholders. As a result, the Company considers that such arrangement is fair and reasonable to the disinterested Shareholders as a whole.

Conditions Precedent

The Completion is conditional upon the following conditions being satisfied or waived:

- (a) the completion of the legal, financial and commercial due diligence by the Company to its satisfaction;
- (b) the completion of the onshore restructuring;
- (c) the completion of the transfer of business and assets of ZOL.com.cn from Beijing Zhide Diankang E-Commerce Co., Ltd. (北京智德典康電子商務有限公司) to Beijing Zhixing Ruijing;
- (d) completion of the Structured Contracts to the satisfaction of the Company;
- (e) each of Mr Liu, Ms. Wang and other key management of Beijing Zhixing Ruijing entering into a service or employment agreement with Beijing Zhixing Ruijing;
- (f) each of Mr Liu, Ms. Wang and other key management of Beijing Zhixing Ruijing signing a letter of undertaking in relation to the Performance Undertaking with Beijing Zhixing Ruijing on terms to the satisfaction of the Company;
- (g) the Company having obtained all registrations, filings and approvals (including any consent necessary or desirable under the laws of the relevant jurisdictions and/or the rules of the relevant stock exchange and from relevant third parties) prior to Completion and completion of the equity transfer agreement;
- (h) the Shareholders having approved the issuance and allotment of the Consideration Shares under the Specific Mandate in the EGM;
- (i) the Company having obtained listing approval in relation to the Consideration Shares;
- (j) each of the seller warranties being true, correct, accurate and not misleading in all respects;
- (k) no pending order by a government authority being in effect that prohibits, enjoins, restrains or makes illegal the consummation of any component of the transactions;

- (l) each of the Seller and the Seller Guarantors having performed and complied with all agreements, obligations, undertakings and conditions contained in the transaction documents that are required to be performed or complied with by them or any person or entity under their control (including the Target Group) on or before the Completion Date; and
- (m) no material adverse effect having occurred between the date of the Sale and Purchase Agreement and the Completion Date.

The Seller and the Company shall use their best efforts and act in good faith to procure timely satisfaction of the above conditions on or prior to the Long Stop Date. If and to the extent the Company waives any of the above conditions (except (g), (h) and (i)) (as applicable), the Seller shall continue after the Completion Date (if so required by the Company) to use its best efforts to procure the satisfaction of such conditions as if such conditions had not been waived. If at any time the Seller or the Company becomes aware of a fact or a circumstance that might prevent a condition from being satisfied or delay the occurrence of the Completion Date, it will immediately inform the Company in writing of the same.

Completion

Completion shall take place on the Completion Date which shall be a day falling within 30 business days after the date on which all the conditions precedent have been satisfied or otherwise waived in accordance with the Sale and Purchase Agreement.

Guarantee

In consideration of the Company agreeing to purchase the Sale Shares, the Seller Guarantors, by way of deed, guarantee unconditionally and irrevocably as a primary obligation to the Company to perform on demand any obligation or undertaking of the Seller under the Sale and Purchase Agreement and the transaction documents required to be performed by the Seller including any obligation to pay on demand any amount that the Seller is liable to pay under the Sale and Purchase Agreement or any transaction documents. For the avoidance of doubt, the Seller Guarantors agree to indemnify and to hold harmless the Indemnified Parties from and against any and all losses which may be suffered or incurred by the Indemnified Parties arising out of or in connection with the failure of the Seller to comply with any of its obligations or discharge any of its liabilities under the Sale and Purchase Agreement or any of the transaction documents.

The Seller Guarantors agree that any obligation or undertaking of the Seller which may not be enforceable against or recoverable from the Seller shall be enforceable against and recoverable from the Seller Guarantors as though incurred by the Seller Guarantors. The Seller Guarantors waive any right it may have of requiring the Company to make a demand of the Seller before enforcing its rights against the Seller Guarantors.

THE CONSIDERATION SHARES

The 70% of the Consideration shall be settled by the allotment and issuance of 155,684,485 Considerations Shares which represent (i) approximately 23.31% of the total issued share capital of the Company as at the date of this announcement; and (ii) approximately 18.91% of the total issued share capital of the Company as enlarged by the issue and allotment of the Consideration Shares.

The Consideration Shares shall be issued and allotted under a Specific Mandate to be sought at the EGM. The Consideration Shares when issued and allotted shall rank pari passu in all respects with all other existing Shares outstanding on the Completion Date. Application will be made by the Company to the Stock Exchange for the approval for the listing of, and permission to deal in, the Consideration Shares.

THE ISSUE PRICE

The issue price of the Consideration Shares is HK\$8.5 per Share, which represents:

- (i) a premium of approximately 16.28% to the closing price of HK\$7.31 per Share as quoted on the Stock Exchange on 17 March 2015, being the date of the Letter of Intent;
- (ii) a discount of approximately 23.84% to the closing price of HK\$11.14 per Share as quoted on the Stock Exchange on the Last Trading Day, being the date of the Sale and Purchase Agreement;
- (iii) a discount of approximately 26.34% to the average closing price of approximately HK\$11.54 per Share as quoted on the Stock Exchange for the last five trading days up to and including the Last Trading Day; and
- (iv) a premium of approximately 288.13% over the consolidated net asset value per Share attributable to the Shareholders of approximately HK\$2.19 as at 31 December 2014, calculated based on the latest published consolidated net asset attributable to the Shareholders of approximately RMB1,160,280,000 as at 31 December 2014 and 667,759,618 Shares issued as at the date of this announcement.

The issue price of HK\$8.5 per Consideration Share was determined after arm's length negotiation between the Company and the Seller with reference to, among other things, the historical trading prices of the Shares and the net asset value per Share. Having considered that (i) the payment method of issuing the Consideration Shares will enlarge the equity base of the Company, (ii) the issue price represents a substantial premium to the Company's latest published consolidated net asset value per Share; and (iii) the recent trading performance of the Shares, the Directors consider the issue price of HK\$8.5 per Consideration Share is fair and reasonable and in the interest of the Company and the Shareholders as a whole.

INFORMATION OF THE TARGET GROUP

The Target Company is an investment holding company incorporated in the United States with limited liability. The entire issued share capital of the Target Company is legally and beneficially owned by the Seller, an investment holding company. As at the date of this announcement, each of Wisdom Limited (a company incorporated in the British Virgin Islands and wholly and beneficially owned by Mr. Liu), Wiki Limited (a company incorporated in the British Virgin Islands and wholly and beneficially owned by Ms. Wang), Mr. Shi and Ms. Yang Ye is holding 40%, 25%, 20% and 15% of the issued share capital in the Seller respectively. To the best of the Directors' knowledge, information and belief, having made all reasonable enquiries, each of the Seller and the Seller Guarantors is an Independent Third Party.

As at the date this announcement, the Target Company holds the entire issued share capital in Orange HK, an investment holding company incorporated in Hong Kong with limited liability, which in turn will hold 100% equity interest in Orange Beijing, a company to be incorporated under the laws of the PRC. Orange Beijing will enter into the Structured Contracts with Beijing Zhixing Ruijing on or before the Completion Date.

Beijing Zhixing Ruijing is a limited company established in Beijing, the PRC on 11 September 2014, with a registered capital of RMB4 million and a paid up capital of RMB1 million. The registered scope of business of Beijing Zhixing Ruijing includes information service business within the second type of value-added telecommunication services (only limited to internet information services; internet information services does not include press, publication, education, medical and healthcare, drug, medical apparatus and instruments, and BBS services) (the ICP License will be valid to 15 February 2020); technology development, technology transfer, technology consultancy, technology promotion and technology services; economic and trade consultancy; convention service; exhibition and demonstration hosting activities; organization of cultural and art exchange activities (not including commercial performances); corporate planning; advertising design, production, agency, and release; sales of self-developed products; online sales of computers, software as well as ancillary equipment, communication equipment, electronic devices, automobile, auto parts, gifts, publications, household appliances, clothing, cosmetics, and food. (Any project that needs to be approved by law can only be carried out after getting approval by relevant authorities.)

The existing business of Beijing Zhixing Ruijing mainly involves information service business within the second type of value-added telecommunication services ("**the Value-added Telecommunications Businesses**"), excluding technology development; economic and trade consultancy; organization of cultural and art exchange activities (not including commercial performances); and exhibition and demonstration hosting activities ("**the Excluded Businesses**"). Beijing Zhixing Ruijing currently has no plan or road map to develop and operate the Excluded Businesses. But Beijing Zhixing Ruijing will apply to the competent authority for proper licenses when carrying out the Excluded Businesses.

In order to properly operate the Value-added Telecommunications Businesses, on 25 March 2015, Beijing Zhixing Ruijing obtained the ICP License (the value-added telecommunications business operating licence (增值電信業務經營許可證), with License No. 京ICP證150096號, issued by Beijing Communications Administration (北京市通信管理局).

Business overview and revenue model

The Target Group is an Internet content provider and operates one of the leading vertical-interactive portals. It holds or will hold certain assets related to the operation of the websites under the key domain names www.zol.com.cn (中關村在線), www.zol.com (中關村商城) and www.ea3w.com (萬維家電網) in the PRC. In particular, www.zol.com.cn (中關村在線) (“ZOL”) offers content mainly relating to IT-related products such as handsets and accessories, wearable devices, computers (desktop, laptop and tablets), camera, computer hardware and software, gaming, audio and video products, home appliances, office equipment and automobile accessories. At present, ZOL has registered users of over 40 million and the daily visitors reached around 150 million which covers over 70% of the IT users in the PRC. Meanwhile, the customers of ZOL include most of the leading international and domestic manufacturers of IT-related products.

Headquartered in Beijing, ZOL has made strategic alliances with 25 websites in the PRC covering seven regions, namely North-Eastern PRC, Northern PRC, Central PRC, Eastern PRC, Southern PRC, South-Western PRC and North-Western PRC respectively. ZOL regularly reviews and tests IT-related products and publishes articles in respect of the relevant results which may include still images and videos. ZOL also regularly attends overseas and domestic exhibitions, trade shows, conferences and product launch activities and delivers timely updated and in-depth information to users which facilitate users to make smart purchasing decisions.

Besides, the Target Company also operates a related online mall which is a platform for purchasing IT-related products. Leveraging on the success of ZOL main site, the online mall has been gaining importance and popularity over the years. Also, the Target Company is an one-stop solution provider for online and offline promotion solutions for products, brands and/or manufacturers which organizes product launch activities, simultaneous promotion campaign at various cities/regions in the PRC, post-event online promotion activities and etc.

Most of revenue of ZOL was generated from advertising income, marketing solution fees from international and domestic manufacturers for the advertisement placed with ZOL on its website in relation to the products and/or brands. Revenue from online mall and one-stop solution provider for online and offline promotion solutions have been increasing their respective contribution. Revenue from online mall will be in the form of service fee which would be at a certain percentage of the value of the merchandise purchased whilst the revenue from provision of promotion solutions would be in the form of a pre-determined service fee.

Competitive strengths

The Target Group has developed a portal which offers content mainly relating to IT-related products that caters for the needs of the IT users in the PRC and manufacturers from domestic and international. It is believed that the success of the Target Group is attributable to the following factors:

- Focused and specialised Internet content provider

The Target Group operates a leading vertical-interactive portal, namely ZOL, in the PRC which offers content mainly relating to IT-related products such as handsets and accessories, wearable devices, computers (desktop, laptop and tablets), camera, computer hardware and software, gaming, audio and video products, home appliances, office equipment and automobile accessories. As the products and related technology evolve rapidly over time and IT users are usually crave for up-to-date information on new technology and products features as well as database for historical review, the content of ZOL is constantly updated and ZOL is designed to provide comprehensive IT-related products information, such as specifications, pricing, reviews, test reports and upcoming trends. Users of ZOL can obtained information easily and make his/her own judgement and decision when doing purchases.

- Large and active user base and a wide coverage in the PRC

At present, ZOL has registered users of over 40 million and the daily visitors reached around 150 million which covers over 70% of the IT users in the PRC. Meanwhile, ZOL has made strategic alliances with 25 websites in the PRC covering seven regions, namely North-Eastern PRC, Northern PRC, Central PRC, Eastern PRC, Southern PRC, South-Western PRC and North-Western PRC respectively. Accordingly, ZOL has deep penetration and wide coverage in the PRC which allows it to attract leading international and domestic manufacturers of IT-related products to place advertisements on ZOL website. In addition, the large user base will enable ZOL to obtain market preferences and taste easier which would facilitate ZOL to advise its customers in designing and producing competitive products in future.

- ZOL is a recognised brand name with an established history

ZOL website has been operated for more than 15 years in the PRC and was widely recognized as the leading IT-related products portal in the PRC. ZOL has partnership with leading search engines in the PRC and its content is widely used by various media and websites as reference. Due to its wide coverage of IT users and product range of IT products, ZOL has been the preferred platform for obtaining information of IT products in the PRC. In 2014, ZOL was awarded “2013-2014年度中國移動互聯網應用類最具影響力科技資訊應用獎” and “2013-2014年度中國互聯網網站服務類／最具影響力IT資訊服務獎” from iResearch Inc., an independent third party and a PRC-based internet market research institution.

- Strong in-house teams on technical development and support and content production

ZOL website and its online mall were developed by the in-house development department. The in-house development team has over 80 programmers who equip with extensive knowledge about software development, system engineering and multimedia applications. The in-house development department is responsible for website layout and design, various software modules creation, system support and maintenance and interfacing with external parties' systems. Meanwhile, the content of the ZOL website was originated from the editorial department which is responsible for writing articles about product reviews and tests, market trends, findings in oversea and domestic exhibitions, trade shows, conferences and product launch activities. ZOL has over 200 employees in the editorial department who are mainly with IT background. All the editing of the content, including computer graphics, video, still images, audio, advertisements on the ZOL website can be completed and published in-house and this can ensure timely delivery and instant amendments.

Financial information of the Target Group

The following table sets out the unaudited financial information of the Target Group for the two financial years ended 31 December 2013 and 2014, respectively:

	For the year ended 31 December	
	2014	2013
	<i>RMB'000</i>	<i>RMB'000</i>
Profit before taxation	21,411	13,355
Profit after taxation	16,832	8,396
Net assets	40,219	39,722

Upon Completion, Orange Beijing will become a wholly owned subsidiary of the Company and it will be able to control the finance and operation of Beijing Zhixing Ruijing so as to obtain the economic interest and benefits from its business activities. Thus, both Orange Beijing and Beijing Zhixing Ruijing will be fully consolidated into the accounts of the Group in accordance with the Group's accounting policies.

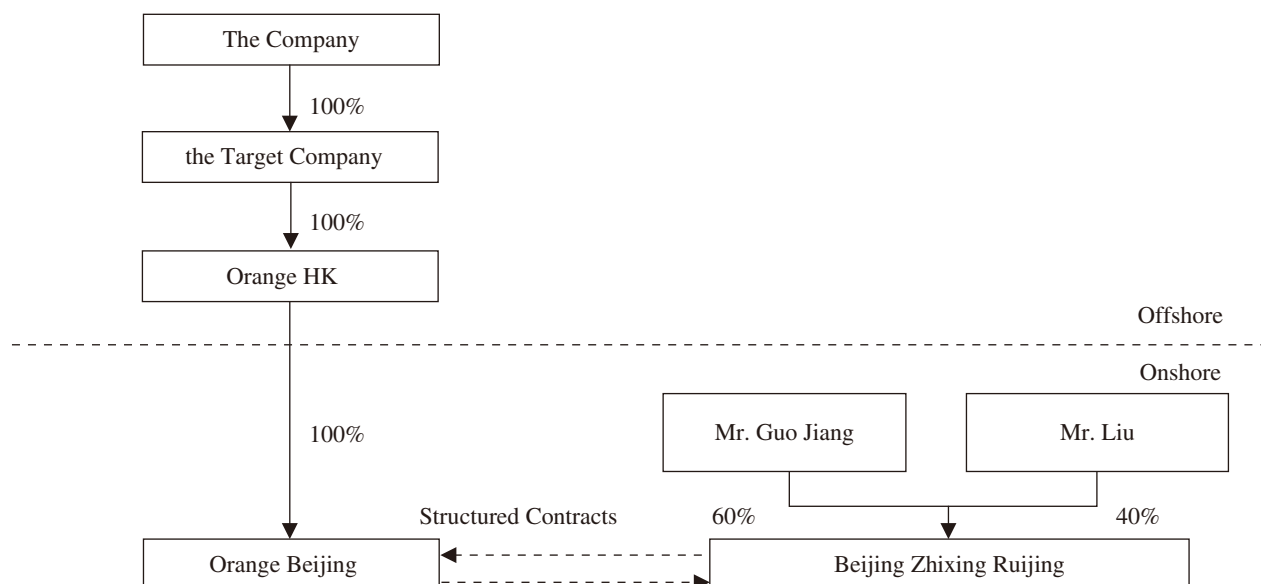
Information on the registered shareholders of Beijing Zhixing Ruijing

As at the date of this announcement, each of Mr. Liu, Ms. Wang, Mr. Shi, Ms. Yang Ye, Ms. Xie and Ms. Yang Fan is holding 60%, 5%, 5%, 5%, 12.5% and 12.5% of the registered capital in Beijing Zhixing Ruijing respectively.

As part of the Acquisition, the Company will appoint nominees to enter into an equity transfer agreement with the Onshore Sellers to acquire 100% of the equity interests in Beijing Zhixing Ruijing. It is expected that Mr. Guo Jiang and Mr. Liu will own 60% and 40% equity interests in Beijing Zhixing Ruijing respectively upon Completion.

DIAGRAM OF THE STRUCTURED CONTRACTS

The following simplified diagram illustrates the flow of economic benefits from Beijing Zhixing Ruijing to Orange Beijing stipulated under the Structured Contracts upon the completion of the transactions under the Structured Contracts:



THE STRUCTURED CONTRACTS

Introduction

The existing businesses of Beijing Zhixing Ruijing involve the Value-added Telecommunications Businesses, which are considered to be engaged in the provision of value-added telecommunications services. In relation to the Value-added Telecommunications Businesses, Beijing Zhixing Ruijing has obtained the ICP License (the value-added telecommunications business operating licence) (增值電信業務經營許可證), with License No. 京ICP證150096號, issued by Beijing Communications Administration (北京市通信管理局). Pursuant to the applicable PRC laws and regulations, a wholly foreign owned entity is unable to conduct value-added telecommunications services such as providing vertical websites in the e-commerce industry in the PRC.

Accordingly, the acquisition of an equity interest in Beijing Zhixing Ruijing through Orange Beijing will be restricted. Therefore the Company, through its wholly owned subsidiary, Orange Beijing, shall enter into the Structured Contracts to conduct the restricted business in the PRC in order to comply with the applicable PRC laws and regulations and to assert management control over the operations of, and enjoy all of the economic benefits of, Beijing Zhixing Ruijing. The Structured Contracts are designed specifically to confer upon Orange Beijing the right to enjoy all the economic benefits of Beijing Zhixing Ruijing, to exercise management control over the operations of Beijing Zhixing Ruijing, and to prevent any leakage of the assets and values of Beijing Zhixing Ruijing to the registered shareholders of Beijing Zhixing Ruijing. Orange Beijing is not obligated under the Structured Contracts to provide any financial support to Beijing Zhixing Ruijing. Where losses occur to Beijing Zhixing Ruijing, Orange Beijing will not share the losses directly. Further, the Structured Contracts do not amount to a shareholding relationship between Orange Beijing and Beijing Zhixing Ruijing.

Notwithstanding the above, since Beijing Zhixing Ruijing is expected to contribute revenue to Orange Beijing by way of making payments to Orange Beijing under the Structured Contracts. Any loss incurred by Beijing Zhixing Ruijing will have an adverse impact on the ability of Beijing Zhixing Ruijing to make such payments and hence indirectly affect Orange Beijing's financial performance on a consolidated basis.

The PRC legal advisor is of the opinion that except for certain legal risks of the Structured Contracts as set out in the paragraph headed "Risks relating to Structured Contracts – The PRC government may determine that the Structured Contracts are not in compliance with any existing or future applicable PRC laws or regulations" below, the Structured Contracts to be entered into by Orange Beijing do not violate the articles of association of Beijing Zhixing Ruijing nor the articles of association of Orange Beijing. The PRC legal advisor is also of the opinion that the Structured Contracts are legally binding on and enforceable against each party in each of the agreements. The Directors therefore believe that save as otherwise disclosed in the paragraph headed "Risks relating to Structured Contracts – The PRC government may determine that Structured Contracts are not in compliance with any existing or future applicable PRC laws or regulations" below, the Structured Contracts are enforceable under the relevant laws and regulations in the PRC, and that the Structured Contracts provide a mechanism that enables Orange Beijing to exercise effective control over Beijing Zhixing Ruijing.

The Board believes that the Structured Contracts are narrowly tailored to enable the Company to indirectly operate the Value-added Telecommunications Businesses which is within the scope of business of Beijing Zhixing Ruijing and to minimize the potential conflicts with relevant PRC laws and regulations. The Value-added Telecommunications Businesses are considered to be value-added telecommunications services, a sector where foreign investment is significantly restricted pursuant to the Guidance Catalogue of Industries for Foreign Investment (《外商投資產業指導目錄》) and the Administrative Rules for Foreign Investments in Telecommunications Enterprises (《外商投資電信企業管理規定》) ("FITE Rules") issued by the State Council on 11 December 2001 and amended on 10 September 2008. In addition, certain business operation licenses (i.e. ICP License) required for the Value-added Telecommunications Businesses can only be obtained by PRC domestic companies and

Sino-foreign entities fulfilling the Qualification Requirements (as defined in the paragraph headed “The PRC government may determine that Structured Contracts are not in compliance with any existing or future applicable PRC laws or regulations”). Since any investment made by the Project Company directly or indirectly is regarded as foreign investment under PRC Laws, the Project Company as a wholly foreign owned company would not be able to apply for the licenses and approvals required for the operation of the Value-added Telecommunications Businesses. In order to comply with the applicable PRC Laws, the licenses and permits that are essential to the operation of the Value-added Telecommunications Businesses need to be held by Beijing Zhixing Ruijing. Therefore the Structured Contracts are entered into so that Orange Beijing may conduct the Value-added Telecommunications Businesses in the PRC and assert management control over the operations of, and enjoy all of the economic benefits of Beijing Zhixing Ruijing.

Subject to fulfillment or waiver (as the case may be) of the Conditions Precedent, Orange Beijing will enter into the Structured Contracts with Beijing Zhixing Ruijing. Principal terms of each of the Structured Contracts are set out below:

1. Exclusive Technical Services Agreement

Parties:	(i) Orange Beijing; and (ii) Beijing Zhixing Ruijing.
Services:	Beijing Zhixing Ruijing will irrevocably appoint Orange Beijing as its exclusive services provider to provide technical consulting service, other related technical services and other related services agreed by both parties, from time to time during the term of the Exclusive Technical Services Agreement in accordance with its terms and conditions. Orange Beijing can assign its associates to provide the services under this Exclusive Technical Services Agreement.
Fees:	Beijing Zhixing Ruijing shall pay an annual services fees to Orange Beijing. Such fees will be payable on quarterly basis. No other fees should be deducted or offset (e.g. bank service fee). Beijing Zhixing Ruijing will procure its shareholders to provide their equity interest of Beijing Zhixing Ruijing as a pledge to guarantee the payment of the payable service fee.
Terms:	The Exclusive Technical Services Agreement shall be for a definite term upon execution. The parties agree that the Exclusive Technical Services Agreement can be extended if Orange Beijing gives its written notice of the extension of the Exclusive Technical Services Agreement before expiration and Beijing Zhixing Ruijing shall unconditionally agree with such extension.

2. Exclusive Licensing Agreement on Intellectual Property

- Parties: (i) The Target Company; and
(ii) Beijing Zhixing Ruijing.
- Content: The Target Company grants Beijing Zhixing Ruijing the rights of use of its network domain names, registered trademarks, databases, software systems and other intellectual properties. Such rights cannot be transferred to any other third party. Beijing Zhixing Ruijing shall not declare any right, title, interest and intellectual property rights (including but not limited to, copyrights, patents, know-how) arising from the performance of the Exclusive Licensing Agreement on Intellectual Property, whether developed by the Target Company or Beijing Zhixing Ruijing based on the granted intellectual properties.
- Fees: Beijing Zhixing Ruijing shall pay an annual services fees to the Target Company. Such fees will be payable on quarterly basis. No other fees should be deducted or offset (e.g. bank service fee). Beijing Zhixing Ruijing will procure its shareholders to provide their holding shares of Beijing Zhixing Ruijing as a pledge to guarantee the payment of the payable service fee to the Target Company or its wholly owned subsidiaries.
- Term: The Exclusive Licensing Agreement on Intellectual Property shall be for a definite term upon execution. The parties agree that the Exclusive Licensing Agreement on Intellectual Property can be extended if the Target Company before the expiration of the Exclusive Licensing Agreement on Intellectual Property requests so and the other parties shall unconditionally agree with such extension.

3. Exclusive Right to Purchase Agreement

Parties:	(i) Orange Beijing; (ii) Beijing Zhixing Ruijing; and (iii) Beijing Zhixing Ruijing's shareholders.
Content:	<p>The shareholders jointly and individually grant Orange Beijing the exclusive right to purchase the shares of Beijing Zhixing Ruijing in accordance with the terms and conditions of the Exclusive Right to Purchase Agreement, irrevocably and without any additional conditions. Orange Beijing can by their own decide the way to exercise the right and purchase all or part of shares held by shareholders and/or specified any third party at the minimum price permitted by the relevant laws and regulations of PRC at any time, by one or more times. The current shareholders cannot transfer the shares without written consent from Orange Beijing. A written exercise notice will be sent to the shareholders when Orange Beijing exercises the exclusive purchase right. Beijing Zhixing Ruijing and the shareholders shall provide all necessary materials and documents for the share registration. In the situation that more than one shareholder holding the shares, the shareholders and Beijing Zhixing Ruijing under this agreement should procure such shareholders to agree to transfer the shares to Orange Beijing and/or its designated parties in written statement, indicating their waive of pre-emptive rights. In the situation of purchasing from more than one shareholder, Beijing Zhixing Ruijing shall procure the shareholders to sign a share purchase agreement with Orange Beijing and/or designated parties upon the receipt of exercise notice. To ensure the performance of this agreement, a Pledge Agreement will be signed.</p>
Price:	<p>The price would be the minimum price permitted by the relevant laws and regulations of PRC. The paid shareholder will return the rest of the transfer price after deducting the paid-up capital by them to Beijing Zhixing Ruijing. Any taxes, charges and fees shall be borne by the parties pursuant to relevant laws and regulations.</p>
Term:	<p>The exclusive right to Purchase Agreement shall be for a definite term upon execution. The parties agree that the exclusive right to Purchase Agreement can be extended if Orange Beijing before the expiration of the exclusive right to Purchase Agreement requests so and the other parties shall unconditionally agree with such extension.</p>

4. Voting Rights Proxy Agreement

Parties:	(i) Orange Beijing; (ii) Beijing Zhixing Ruijing; and (iii) Beijing Zhixing Ruijing's shareholders.
Proxy of voting rights:	Pursuant to the Voting Rights Proxy Agreement, Orange Beijing (or its designated parties) will have the power to, inter alia, exercise all shareholder's rights granted by applicable laws, regulations and Beijing Zhixing Ruijing's articles of association, including but not limited to convening shareholders meeting, voting and signing resolutions at shareholders meeting, filing documents to Beijing Zhixing Ruijing's registered office, designating and appointing director and supervisor, transferring or disposing equity of Beijing Zhixing Ruijing, participating in Beijing Zhixing Ruijing's major decisions, and choosing executive officers and senior management for Beijing Zhixing Ruijing. No prior consent from the shareholders is required before Orange Beijing (or its designated parties) exercise its voting rights. The shareholders shall recognize Orange Beijing's voting result.
Term:	The Voting Rights Proxy Agreement shall be for a definite term upon execution. The parties agree that the Voting Rights Proxy Agreement can be extended if Orange Beijing before the expiration of the Voting Rights Proxy Agreement requests so and the other parties shall unconditionally agree with such extension.

5. Pledge Agreement

Parties:	(i) Orange Beijing (the " Pledgee "); (ii) Beijing Zhixing Ruijing; and (iii) Beijing Zhixing Ruijing's shareholders (the " Pledgors ").
Pledge:	Pursuant to the Pledge Agreement, Beijing Zhixing Ruijing's shareholders will pledge to Orange Beijing their equity interests in Beijing Zhixing Ruijing held by them (the " Equity Interests ") as security for Orange Beijing's rights and interests granted by the Voting Proxy Rights Agreement and Exclusive Licensing Agreement on Intellectual Property (the " Master Agreements "), which include any payment (including legal expense), expense, loss, interests, liquidated damages, compensation, costs for realization of loans, costs for specific performance of Pledgors' contractual obligations, and liabilities incurred as results of the Master Agreements' termination, recession, wholly or partially invalidation. Orange Beijing shall have the right to get compensation by converting the Equity interests into money and seek preferential payments from the proceeds from the auction or sales of the Equity Interests concerned or other disposal methods as agreed by each party in accordance with relevant laws and regulations of the PRC (the " Pledged Debts ").

The Pledge Agreement shall become effective upon the execution date. The Pledgors shall cooperate with Beijing Zhixing Ruijing to register the pledge in shareholders' register within five business days following the execution of the Pledge Agreement and register the pledge with the relevant AIC within fifteen business days following the execution of the Pledge Agreement.

Prior to the full discharge of the payments and obligations under the Master Agreements, without written consent of the pledgee, the shareholders shall not assign the Equity Interests in Beijing Zhixing Ruijing.

Termination: Unless otherwise agreed by Orange Beijing in writing after the Pledge Agreement comes into effect, upon the full and complete performance of the Company and Pledgors' obligations under the Master Agreements as well as Orange Beijing's written confirmation, the pledge shall be terminated. Costs reasonably incurred thereof shall be borne by the Pledgors.

In the event where the Company or Pledgors failed to fully discharge their obligations under the Master Agreements in the prescribed term, Orange Beijing shall continuously enjoy the pledge until the above-mentioned obligations being fulfilled in a manner to its satisfaction.

6. Business and Management Services Agreement

Parties: (i) Orange Beijing;
(ii) Beijing Zhixing Ruijing; and
(iii) Beijing Zhixing Ruijing's shareholders.

Services: Pursuant to the Business and Management Services Agreement, Beijing Zhixing Ruijing will appoint Orange Beijing as its exclusive services provider to provide complete management support, business support, technical support and related consulting services during the term of the Business and Management Services Agreement in accordance with its terms and conditions, which may include all necessary services within the scope of Beijing Zhixing Ruijing's business, such as but not limited to business consultations, marketing consultancy, technical services, intellectual properties licenses, product research and development, system maintenance, as well as general corporate management.

Personnel: The shareholders and Beijing Zhixing Ruijing shall promote the duly resignation of directors and supervisors' other than those agreed by Orange Beijing. Those directors and supervisors shall be replaced by personnel appointed by Orange Beijing.

- Fees:** The service fee will be payable to Orange Beijing by the Beijing Zhixing Ruijing, where the Beijing Zhixing Ruijing shall pay to Orange Beijing such fees equivalent to the amount of the Beijing Zhixing Ruijing's revenue deducted by Beijing Zhixing Ruijing's (and its subsidiaries') expenses (including Beijing Zhixing Ruijing's costs, depreciation, other expenses and payments, and relevant tax payments incurred during the term of the Business and Management Services Agreement), net operation loss made by Beijing Zhixing Ruijing and the reserve fund extracted by Beijing Zhixing Ruijing. The service fee shall be calculated within three (3) months since the end of each financial year based on the audited report prepared in accordance with the Chinese Accounting Standards for Business Enterprises and paid within fifteen (15) days of the issuance date of such audited report.
- Term:** The Business and Management Services Agreement shall take effect as of the date of its execution. Unless terminated by the terms of this Business and Management Services Agreement or other agreements entered into between the parties, the Business and Management Services Agreement shall be for a definite term upon execution. The parties agree that the Business and Management Services Agreement can be extended if Orange Beijing before the expiration of the Business and Management Services Agreement requests so and the other parties shall unconditionally agree with such extension.

The Company will unwind the Structured Contracts and directly hold the equity interests of Beijing Zhixing Ruijing when the relevant restrictions no longer exist. The current legal or regulatory restrictions in exercising the purchase right under the Exclusive Right to Purchase Agreement is stipulated in 外商投資電信企業管理規定(2008年修訂) (the Provisions on the Administration of Foreign-funded Telecommunications Enterprises (2008 Amended)), as set out in the paragraph headed "The PRC government may determine that Structured Contracts are not in compliance with any existing or future applicable PRC laws or regulations" below. Furthermore, even if the foreign ownership restriction is relaxed, the transfer of the equity interests in Beijing Zhixing Ruijing from the shareholders of Beijing Zhixing Ruijing to the Group may still be subject to substantial costs.

Effects of the Structured Contracts

Through the Structured Contracts, the Group will be able to exercise full and effective control over the finance and operation of Beijing Zhixing Ruijing and in effect obtain the entire economic interest and benefits in Beijing Zhixing Ruijing.

The Exclusive Technical Services Agreement, the Exclusive Licensing Agreement on Intellectual Property and the Business and Management Service Agreement are to ensure the profits or income generated by Beijing Zhixing Ruijing will be directed to Orange Beijing in the form of service fees.

The Pledge Agreement is to secure the due performance of obligations of the Pledgors, being the Shareholders of Beijing Zhixing Ruijing, and Beijing Zhixing Ruijing under certain Structured Contracts and to ensure that the Pledgors cannot transfer their respective equity interests in Beijing Zhixing Ruijing to the other parties without the consent of Orange Beijing.

The Voting Rights Proxy Agreement is to grant Orange Beijing (or its designee, which can be a director or his/her successor of the direct or indirect shareholder of Orange Beijing (including a liquidator replacing such director and his/her successor)) voting rights in respect of the equity interests of the Pledgors in Beijing Zhixing Ruijing so that Orange Beijing can control Beijing Zhixing Ruijing. Also, the Pledgors agreed that, in case of death, bankruptcy or divorce of the Pledgors or any other reasons which would lead to changes in the ownership of Beijing Zhixing Ruijing, any successor of the Pledgors shall be bounded by the terms of the Pledge Agreement, the Exclusive Right to Purchase Agreement and the Business and Management Service Agreement to protect the rights of Orange Beijing and its direct and indirect shareholders and to avoid any practical difficulties in enforcing the Structured Contracts.

The Exclusive Right to Purchase Agreement provides that if the Pledgors act against the interests of Orange Beijing, Orange Beijing can designate another person to acquire their equity interests in Beijing Zhixing Ruijing at the lowest price as permitted by the PRC laws at the relevant time.

Further announcement will be made by the Company upon the execution of the Structured Contracts.

Dispute Resolution Clause in the Structured Contracts

The Structured Contracts are governed by and constructed in accordance with the PRC laws and contain a provision for resolving disputes by arbitration at Beijing Arbitration Commission (“**the arbitral body**”), Beijing in accordance with its then prevailing arbitration rules. The Exclusive Technical Services Agreement, the Exclusive Licensing Agreement on Intellectual Property, the Business and Management Service Agreement, the Pledge Agreement, the Voting Rights Proxy Agreement and the Exclusive Right to Purchase Agreement include a clause in relation to dispute resolution among the parties where upon request by a disputing party, the arbitral body may award remedies over shares and/or assets of Beijing Zhixing Ruijing, injunctive relief and/or winding up of Beijing Zhixing Ruijing, and that courts in Hong Kong and the Cayman Islands are of competent jurisdiction with power to grant interim remedies in support of arbitration pending formation of arbitral tribunal or in appropriate cases. The Company has been advised by the PRC legal advisors that the above mentioned provisions regarding injunctive relief or interim remedies contained in the Structured Contracts may not be enforceable, and that under PRC laws, arbitral body does not have the power to grant any injunctive relief or liquidation order in case of dispute. Accordingly, such remedies may not be available to the Company or its subsidiaries timely or at all notwithstanding the relevant contractual provisions contained in the Structured Contracts.

Based on the above and as advised by the PRC legal advisor, the Structured Contracts are legally enforceable and therefore the Directors consider that Structured Contracts are enforceable under the relevant laws and regulations and confer on the Group significant control over and economic benefits in the assets of Beijing Zhixing Ruijing.

RISKS RELATING TO STRUCTURED CONTRACTS

The PRC government may determine that Structured Contracts are not in compliance with any existing or future applicable PRC laws or regulations.

If the PRC government finds that the Structured Contracts (which establish the structure for operating the Value-added Telecommunications Businesses of Beijing Zhixing Ruijing in the PRC) do not comply with applicable PRC laws and regulations, or if these regulations or their interpretations change in the future, Beijing Zhixing Ruijing could be subject to severe consequences, including the nullification of the Structured Contracts and the relinquishment of the interest of Orange Beijing in the Structured Contracts.

According to the FITE Rules, foreign investors' ultimate equity ownership in an entity in the PRC which provides value-added telecommunications services must not exceed 50% and a foreign investor who wishes to acquire any equity interest in a value-added telecommunications business in the PRC must demonstrate (i) a good track record and (ii) experience in providing value-added telecommunications services ("**Qualification Requirements**").

Beijing Zhixing Ruijing has been engaging in the development and operation of the Value-added Telecommunication Businesses. Under the current PRC regulatory circumstances, Orange Beijing as a wholly foreign owned enterprise would not be able to obtain the ICP License and thus is unable to provide the value-added telecommunications services in the PRC directly.

On 13 July 2006, the Ministry of Information Industry (中華人民共和國信息產業部), currently known as MIIT (the Ministry of Industry and Information Technology of the PRC (中華人民共和國工業和信息化部)) issued the Circular on Strengthening the Administration of Foreign Investment in Value-added Telecommunications Business (關於加強外商投資經營增值電信業務管理的通知) ("**MIIT Notice**"), which reiterated restrictions on foreign investment in the telecommunications businesses. Under the MIIT Notice, a domestic company that holds an ICP License is prohibited from leasing, transferring or selling the license to foreign investors in any form, and from providing any assistance, including providing resources, sites or facilities, to foreign investors to provide ICP services illegally in the PRC. Due to a lack of interpretative materials from the authorities, it cannot be assured that the MIIT will not consider the Structured Contracts as a kind of foreign investment in telecommunication services, in which case Beijing Zhixing Ruijing and Orange Beijing may be found in violation of the MIIT Notice.

In addition, several recent articles published by some news agencies reported discussions that a recent PRC Supreme Court decision and two VIE structure-related arbitration decisions in Shanghai had cast doubt on the validity of the VIE structure. According to these articles, the PRC Supreme Court ruled in late 2012 that an entrustment agreement entered into by and between a Hong Kong company and a PRC domestic entity, which was purported to enable such Hong Kong company to make an equity investment in a PRC bank through the proxy PRC domestic entity, was void on the grounds that this agreement established an entrustment relationship meant to circumvent the PRC laws and regulations that prohibit foreign investment in PRC financial institutions and as such, constituted an act of concealing illegal intentions with a legitimate form. These articles argued that a contractual arrangement

in a VIE structure and the entrustment agreement in the cited case, which were similar to the Structured Contracts, were also designed to “get around” the regulatory restrictions on foreign investment in certain industries. As such, the articles noted that this Supreme Court decision might increase the uncertainties relating to the PRC government’s view on the validity of the VIE structure. These articles also reported, without providing sufficient details, on two arbitration decisions by the then Shanghai CIETAC which invalidated the contractual arrangement used in a VIE structure in 2010 and 2011.

The PRC legal advisor is of the opinion that, based on their understanding and the numerous precedents of PRC domestic internet content providers controlled by overseas companies through contractual arrangements that are similar to the Structured Contracts, the Structured Contracts do not result in a violation of PRC laws, or would not be deemed as “concealing illegal intentions with lawful forms” (as a matter concerning Article 52 of the PRC Contract Law). The Structured Contracts are enforceable, valid and legally binding in accordance with their terms and provisions (except for part of the arbitration clauses contained therein setting forth that the arbitration tribunal may issue injunction or winding-up orders and the Courts of Hong Kong and the Cayman Islands have the jurisdiction to grant interim remedies in support of the arbitration pending formation of the arbitration tribunal).

However, according to the PRC legal advisor, it cannot be assured that the PRC government or judicial authorities would agree that the Structured Contracts comply with current PRC laws or regulations, would not strictly enforce current PRC laws regulating the provision of internet content, or would not adopt new laws or policies in the future. If the PRC government or judicial authorities determine that the Structured Contracts do not comply with applicable laws and regulations, such contracts would be deemed void and the PRC government or judicial authorities could have broad discretion in dealing with such incompliance, including:

- (i) requiring the nullification of the Structured Contracts;
- (ii) levying fines and/or confiscating the proceeds generated from the operations under the Structured Contracts;
- (iii) revoking of the business licenses or operating licenses of Beijing Zhixing Ruijing;
- (iv) discontinuing or placing restrictions or onerous conditions on the business operations of Beijing Zhixing Ruijing;
- (v) taking other regulatory or enforcement actions that could be harmful to or even shut down the business of Beijing Zhixing Ruijing and/or Orange Beijing.

Orange Beijing relies on Structured Contracts to control and obtain the economic benefits from Beijing Zhixing Ruijing, which may not be as effective in providing operational control as direct ownership.

Due to the PRC's legal restrictions on foreign investment in the value-added telecommunications services, Orange Beijing controls, through the Structured Contracts rather than equity ownership, Beijing Zhixing Ruijing, the operating entity in the PRC and the holder-to-be of the key licenses required to operate the value-added telecommunications services in the PRC. However, the Structured Contracts still may not be as effective as equity ownership in exercising control over Beijing Zhixing Ruijing. For example, Beijing Zhixing Ruijing and its shareholders could breach or fail to perform their obligations under the Structured Contracts. If Orange Beijing had direct ownership of Beijing Zhixing Ruijing, Orange Beijing would be able to exercise its rights as a shareholder to effect changes in its board of directors, which in turn could effect changes, subject to any applicable fiduciary obligations, at management and operational level. Under the Structured Contracts, Orange Beijing would need to rely on its rights under the Structured Contracts to effect such changes, or designate new shareholders for Beijing Zhixing Ruijing.

If Beijing Zhixing Ruijing or its shareholders breach their obligations under the Structured Contracts or if Orange Beijing loses the effective control over Beijing Zhixing Ruijing for any reason, Orange Beijing would need to bring a claim against them under the terms of the Structured Contracts. The Structured Contracts are governed by PRC law and provide that any dispute which arises will be submitted to the CIETAC, for arbitration, the ruling of which will be final and binding. Furthermore, personal liabilities of the shareholders of Beijing Zhixing Ruijing may also cause the equity interest they hold in Beijing Zhixing Ruijing to be subject to court preservation actions or enforcement. The legal framework and system in the PRC, particularly that which relates to arbitration proceedings, is not as developed as in other jurisdictions such as Hong Kong. As a result, significant uncertainties relating to the enforcement of legal rights through arbitration, litigation and other legal proceedings remain in the PRC, which could limit Orange Beijing's ability to enforce the Structured Contracts and exert effective control over Beijing Zhixing Ruijing. If Beijing Zhixing Ruijing or any of its shareholders fails to perform its respective obligations under the Structured Contracts, and Orange Beijing is unable to enforce the Structured Contracts, or suffers significant delays or other obstacles in the process of enforcing the Structured Contracts, the business and operations of Orange Beijing could be severely disrupted, which could materially and adversely affect operation results. As a result, the Company's investment in Orange Beijing could also be materially and adversely affected.

Remedies of Structured Contracts may not be obtained effectively under PRC laws.

The Structured Contracts provide for dispute resolution by way of arbitration in accordance with the arbitration rules of the CIETAC in the PRC. The Structured Contracts contain provisions to the effect that the arbitration tribunal may award remedies when Beijing Zhixing Ruijing breaches the Structured Contracts. In addition, the Structured Contracts contain provisions to the effect that the courts in Hong Kong and the Cayman Islands are empowered to grant interim remedies in support of the arbitration pending the formation of an arbitral tribunal.

However, the abovementioned provisions contained in the Structured Contracts may not be enforced effectively. Under PRC laws, an arbitration tribunal does not have the power to grant any injunctive relief or provisional or final liquidation order to preserve the assets of or any equity interest in Beijing Zhixing Ruijing in case of disputes, and the courts in Hong Kong and the Cayman Islands may not be empowered to grant interim remedies in support of the arbitration pending the formation of an arbitral tribunal under PRC laws. As a result, the provisions may not effectively protect Orange Beijing, notwithstanding the relevant contractual provisions contained in the Structured Contracts.

Therefore, in the event that Beijing Zhixing Ruijing breaches any of the Structured Contracts, Orange Beijing may not be able to obtain sufficient remedies in a timely manner, and its ability to exert effective control over Beijing Zhixing Ruijing and conduct its business could be materially and adversely affected and the financial performance of Orange Beijing could be materially and adversely affected. As a result, the Company's investment in Orange Beijing could also be materially and adversely affected.

The shareholders of Beijing Zhixing Ruijing may potentially have a conflict of interests with the Group.

The Group's control over Beijing Zhixing Ruijing is based on the contractual arrangement under the Structured Contracts. Hence, conflict of interests of the shareholders of Beijing Zhixing Ruijing will adversely affect the interests of the Company. Pursuant to the Voting Rights Proxy Agreement, the shareholders of Beijing Zhixing Ruijing will irrevocably authorise of Orange Beijing (or its designee) as their proxy to exercise all the rights of the shareholders of Beijing Zhixing Ruijing and such authorisation shall not be altered unless otherwise instructed by Beijing Zhixing Ruijing. Therefore, it is unlikely that there will be potential conflict of interests between the Company and the shareholders of Beijing Zhixing Ruijing. However, in the unlikely event that conflict of interests arises and cannot be resolved, the Company will consider removing and replacing the shareholders of Beijing Zhixing Ruijing.

The contractual arrangements may be subject to scrutiny of the PRC tax authorities and transfer pricing adjustments and additional tax may be imposed.

The Group could face material adverse tax consequences if the PRC tax authorities determine that the arrangements under the Structured Contracts was not entered into based on arm's length negotiations. If the PRC tax authorities determine that these agreements were not entered into on an arm's length basis, they may adjust our income and expenses for PRC tax purposes in the form of a transfer pricing adjustment. A transfer pricing adjustment could adversely affect the Group's financial position by increasing the relevant tax liability without reducing the tax liabilities of Beijing Zhixing Ruijing, and this could further result in late payment fees and other penalties to Beijing Zhixing Ruijing for under-paid taxes. As a result, any transfer pricing adjustment could have a material adverse effect on the Group's financial position and results of operations.

The Company does not have any insurance which covers the risks relating to the Structured Contracts and the transactions contemplated thereunder.

The insurance of the Group does not cover the risks relating to the Structured Contracts and the transactions contemplated thereunder and the Company has no intention to purchase any new insurance in this regard. If any risk arises from the Structured Contracts in the future, such as those affecting the enforceability of the Structured Contracts and the relevant agreements for the transactions contemplated thereunder and the operation of Beijing Zhixing Ruijing, the results of the Group may be adversely affected. However, the Group will monitor the relevant legal and operational environment from time to time to comply with the applicable laws and regulations. In addition, the Group will implement relevant internal control measures to reduce the operational risk.

Internal control measures to be implemented by the Group on Orange Beijing and Beijing Zhixing Ruijing regarding the Structured Contracts.

The Structured Contracts contained certain provisions in order to exercise effective control over and to safeguard the assets of Beijing Zhixing Ruijing, including but not limited to that, without the prior written consent of Orange Beijing, the shareholders of Beijing Zhixing Ruijing shall not at any time dispose, transfer, pledge, sell or create any charges over the assets, business, revenue or any beneficial interests of Beijing Zhixing Ruijing, Beijing Zhixing Ruijing shall conduct its business in its ordinary and usual course to preserve the asset value of Beijing Zhixing Ruijing and shall not engage in any act (or lack thereof) which may have any adverse effect on the business, operations and asset value of Beijing Zhixing Ruijing, and etc.

In addition to the abovementioned internal control measures as provided in the Structured Contracts, it is the intention of the Company, following Completion, to implement, through Orange Beijing, additional internal control measures against Beijing Zhixing Ruijing as appropriate, having regard to the internal control measures adopted by the Group from time to time, which may include (without limitation):

- Beijing Zhixing Ruijing to make available monthly management accounts and submit key operating data after each month end and provide explanations on any material fluctuations to Orange Beijing;
- Beijing Zhixing Ruijing to assist and facilitate Orange Beijing to conduct quarterly on-site internal audit on Beijing Zhixing Ruijing; and
- if required, legal advisers and, or other professionals will be retained to deal with specific issues arising from the Structured Contracts and to ensure that the operation of Beijing Zhixing Ruijing will comply with applicable laws and regulations.

EFFECTS ON THE SHAREHOLDING STRUCTURE OF THE COMPANY

The existing shareholding structure of the Company as at the date of this announcement and the shareholding structure of the Company immediately after the issue and allotment of the Consideration Shares are as follows:

Name of Shareholder	As at the date of this announcement		Immediately upon issue and allotment of the Consideration Shares	
	Number of Shares	% of total issued Shares (approximate)	Number of Shares	% of total issued Shares (approximate)
Directors and their associate(s)				
Guo Jiang and his spouse	61,158,771	9.16%	61,158,771	7.43%
Guo Fansheng	57,749,015	8.65%	57,749,015	7.01%
Callister Trading Limited (Note 1)	32,000,384	4.79%	32,000,384	3.89%
Lee Wee Ong	2,350,672	0.35%	2,350,672	0.28%
Substantial shareholders				
Talent Gain Developments Limited (Note 2)	137,758,107	20.63%	137,758,107	16.73%
Unique Golden Limited (Note 2)	17,870,000	2.68%	17,870,000	2.17%
Seller Guarantors				
Mr. Liu	—	—	62,273,794	7.56%
Ms. Wang	—	—	38,921,121	4.73%
Mr. Shi	—	—	31,136,897	3.78%
Ms. Yang Ye	—	—	23,352,673	2.84%
Other Public Shareholders	358,872,669	53.74%	358,872,669	43.58%
Total	667,759,618	100.00%	823,444,103	100.00%

Notes:

1. The entire share capital of Callister Trading Limited is owned by Mr. Li Jianguang, a non-executive director of the Company.
2. Unique Golden Limited is wholly and beneficially owned by Talent Gain Developments Limited, which in turn is wholly and beneficially owned by Digital China (BVI) Limited and indirectly wholly and beneficially owned by Digital China Holdings Limited, a company whose shares are listed on the Stock Exchange (stock code: 861). Therefore, each of Talent Gain Developments Limited, Digital China (BVI) Limited and Unique Golden Limited are deemed to be interested in the Shares owned by Digital China Holdings Limited.

REASONS FOR AND THE BENEFITS OF THE SALE AND PURCHASE AGREEMENT AND THE STRUCTURED CONTRACTS

Currently, the Group has five business segments, namely: (i) on-line services, (ii) trade catalogues and yellow page directories, (iii) seminars and other services, (iv) B2B household electrical appliances business exhibition centre and (v) anti-counterfeiting products and services.

The Group is one of the leading business-to-business (B2B) e-commerce operators in the PRC according to a report from Enfodesk (易觀智庫). The Group aims to provide business information to facilitate buyers and sellers in the commercial world to disseminate and/or obtain such information to assist them in locating and matching their counterparties and to make business decisions. With its professional information services and advanced internet technologies, it has established a reliable demand and supply platform for SMEs, and has been providing them with complete business solutions.

The Group has been transforming and upgrading its B2B platform and business model towards the online to offline (O2O) business model and establish a more vertical in-depth platform. Also, the Company is strategically planning for B2B2.0 which is transaction based, along with internet finance and other B2B related services, to implement product upgrades and innovations. In order to achieve a sound balance of the ecosystem of the B2B platform, the Company has been providing high quality procurement service for buyers to facilitate the strike between demand and supply.

Since the Company's listings on GEM in 2003, the Group has transformed itself from a traditional business media firm to a B2B internet enterprise, and has been actively exploring its most appropriate development path through transitions. In 2014, approximately 84.1% of the revenue of the Group is generated from online services, and of approximately 10.5% is from seminars and other services, only approximately 3.7% is from the early business of traditional printed media while approximately 1.7% is from the newly acquired digital identity management anti-counterfeiting products and services. The Group currently covers over 50 industries and aims to continue increasing its industry coverage to further drive its subscriber base.

It is expected that the Group would be benefited from the Target Group's success business model of B2B2C in IT-related sectors and potentially blending such B2B2C business model with its existing verticals which falling within fast-moving consumer goods sector in order to tap into key-account customers.

By leveraging on the combined customer base and business network of the Group and the Target Group, it is envisaged that the Group will have a wider and deeper access to different groups of customers who would require the existing services provided by the Group and/or facilitate the matching between the subscribers of the Group (being a customer or a supplier) with the customers and business network of the Target Group. Besides, upon completion of the Proposed Acquisitions, the Group may widen its industry coverage and geographical coverage. Moreover, the Group may integrate the resources between the Group and the Target Group in various aspects (such as human resources, sales and marketing, financing, back office support, technical support and etc.) to achieve economy of scale, cost reduction and efficiency improvement.

The Target Group operates one of the leading IT vertical portals in the PRC. It holds or will hold certain assets related to the operation of the websites under the key domain names www.zol.com.cn (中關村在線), www.zol.com (中關村商城) and www.ea3w.com (萬維家電網), which are internet portals mainly providing information on product reviews and specifications regarding consumer electronics to the internet consumer users and integrated marketing solutions to the business users.

The Directors (including the independent non-executive Director) consider that the Sale and Purchase Agreement, the Structured Contracts and the transactions contemplated thereunder were entered into on normal commercial terms in the ordinary and usual course of business of the Company after arm's length negotiation, and that the terms are fair and reasonable and in the interests of the Company and the Shareholders as a whole.

LISTING RULES IMPLICATIONS

As the applicable percentage ratios in respect of the Sale and Purchase Agreement are more than 5% but less than 25%, the transactions contemplated under the Sale and Purchase Agreement constitute discloseable transactions of the Company and are subject to the reporting and announcement requirements under Chapter 14 of the Listing Rules.

The Company will seek approval for, among other things, the Specific Mandate from the Shareholders at the EGM. To the best of the Directors' knowledge, information and belief having made all reasonable enquires, no Shareholder is required to abstain from voting on the resolutions to be proposed at the EGM.

GENERAL

An EGM will be convened and held for the Shareholders to consider and, if thought fit, approve the issue of the Consideration Shares under the Specific Mandate.

A circular containing, among other things, (i) further details of the Sale and Purchase Agreement and the transactions contemplated thereunder; (ii) details of the Specific Mandate; and (iii) the notice of the EGM together with the proxy form will be despatched to the Shareholders as soon as practicable in accordance with the requirements of the Listing Rules which is expected to be on or before 29 May 2015.

DEFINITIONS

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

“Beijing Zhixing Ruijing”	Beijing Zhixing Ruijing Technology Co., Ltd (北京知行銳景科技有限公司), a company incorporated under the laws of the PRC, of which each of Mr. Liu, Ms. Wang, Mr. Shi, Ms. Yang Ye, Ms. Xie and Ms. Yang Fan is holding 60%, 5%, 5%, 5%, 12.5% and 12.5% of the issued share capital in Beijing Zhixing Ruijing respectively as at the date of this announcement
“Board”	the board of Directors
“CIETAC”	China International Economic and Trade Arbitration Commission
“Company”	HC INTERNATIONAL, INC., a company incorporated with limited liability under the laws of the Cayman Islands, the Shares of which are listed on the main board of the Stock Exchange
“Conditions Precedent”	the conditions precedent of the Sale and Purchase Agreement as set out under the paragraph headed “Conditions Precedent” in this announcement
“Consideration”	RMB1,500,000,000 payable subject to the satisfaction of all the Conditions Precedent
“Consideration Shares”	155,684,485 new Shares to be allotted issued upon Completion to the Seller Guarantors at HK\$8.5 per Share for the settlement of 70% of the Consideration
“Completion”	completion of the transactions contemplated under the Sale and Purchase Agreement
“Completion Date”	a day falling within 30 business days after the date on which all the conditions precedent have been satisfied or otherwise waived in accordance with the Sale and Purchase Agreement
“Designated Person”	means the entity wholly-owned by the Seller Guarantor
“Directors”	directors of the Company

“EGM”	the extraordinary general meeting of the Company proposed to be convened and held to consider and approve, among other things, the issue of the Consideration Shares under the Specific Mandate
“Escrow Agent”	an independent escrow agent to be jointly appointed by the Company and the Seller/Seller Guarantors pursuant to the Escrow Agreement
“Escrow Agreement(s)”	an escrow agreement with respect to the Consideration Shares will enter into among the Seller, the Seller Guarantors, the Company and the Escrow Agent before Completion Date
“Exclusive Licensing Agreement on Intellectual Property”	the exclusive licensing agreement on intellectual property to be entered into between Target Company and Onshore Target, details of which are set out in the section headed “THE STRUCTURED CONTRACTS” in this announcement
“Exclusive Right to Purchase Agreement”	the exclusive right to purchase agreement to be entered into amongst Orange Beijing, Beijing Zhixing Ruijing and Beijing Zhixing Ruijing’s shareholders, details of which are set out in the section headed “The Structured Contracts” in this announcement
“Exclusive Technical Services Agreement”	the exclusive technical services agreement to be entered into between Orange Beijing and Beijing Zhixing Ruijing, details of which are set out in the section headed “The Structured Contracts” in this announcement
“Facility”	the US\$23,000,000 term loan facility granted under the Facility Agreement
“Facility Agreement”	a facility agreement dated 5 February 2015 entered into between the Seller (as borrower) and the Company (as lender) relating to a US\$23,000,000 term loan facility granted by the Company for the Seller’s then acquisition of Target Company
“Group”	the Company and its subsidiaries
“Indemnified Parties”	the Company and its shareholders, affiliates, directors, officers, owners, agents, members and employees, successors and assigns

“Independent Third Party(ies)”	any person or company and their respective ultimate beneficial owner(s), to the best knowledge, information and belief of the Directors and having made all reasonable enquiries, are third parties independent of the Company and its connected persons (as defined under the Listing Rules)
“Last Trading Date”	8 May 2015, being the last trading day before entering into the Sale and Purchase Agreement
“Letter of Intent”	a letter of intent entered into among (i) the Company, (ii) the Seller as the offshore seller and (iii) the Seller Guarantors and Ms. Xie and Ms. Yang Fan as the onshore sellers dated 17 March 2015 in relation to Acquisition
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“Mr. Liu”	Mr. Liu Xiaodong (劉小東)
“Mr. Shi”	Mr. Shi Shilin (施世林)
“Ms. Wang”	Ms. Wang Qian (王倩)
“Ms. Xie”	Ms. Xie Xianju (謝先菊)
“Ms. Yang Fan”	Ms. Yang Fan (楊帆)
“Ms. Yang Ye”	Ms. Yang Ye (楊葉)
“Orange Beijing”	a company to be incorporated under the laws of the PRC and will be a wholly-owned subsidiary of Orange HK
“Orange HK”	Orange Triangle (HK) Limited, a company incorporated in Hong Kong with limited liability and a wholly and beneficially owned by the Target Company
“Performance Targets”	a yearly target amount of RMB100,000,000, RMB130,000,000 and RMB170,000,000 of after-tax profit of the Target Group for each of three Performance Undertaking Year respectively
“Performance Undertaking”	the undertaking given by Mr Liu, Ms. Wang and other key management of the Target Group to achieve certain Performance Target for each Performance Undertaking Year during the Performance Undertaking Period
“Performance Undertaking Period”	three (3) years calculated from the first day of the month in which Completion takes place

“Performance Undertaking Year”	each twelve (12)-month period during the Performance Undertaking Period
“PRC”	the People’s Republic of China, excluding Hong Kong Special Administrative Region, Macao Special Administrative Region and Taiwan
“Pre-signed Repurchase Agreements”	means the agreement between the Company and each Seller Guarantor or its Designated Persons in relation to the repurchase of the relevant Consideration Shares (the amount of which is left in blank) by the Company and each Seller Guarantor or its Designated Persons and such other documents required to give effect to the repurchase, as duly executed by each Seller Guarantor or its Designated Persons, left undated
“Proposed Acquisitions”	collectively, the acquisitions of Target Company and Beijing Zhixing Ruijing
“Sale and Purchase Agreement”	the conditional sale and purchase agreement dated 8 May 2015 entered into between the Company, the Seller and the Seller Guarantors in respect of the Proposed Acquisitions
“Sale Shares”	100 fully-paid ordinary shares with par value of US\$0.01 each in the issued share capital of the Target Company, representing the entire issued share capital of the Target Company
“Seller”	NAVI-IT LIMITED, a company incorporated with limited liability under the laws of the British Virgin Islands
“Seller Guarantors”	Mr. Liu, Ms. Wang, Mr. Shi and Ms. Yang Ye
“SFC”	Securities and Futures Commission
“Shareholder(s)”	Holder(s) of the Shares
“Shares”	ordinary share(s) of HK\$0.10 each in the share capital of the Company
“Specific Mandate”	the specific mandate to be granted by the Shareholders at the EGM authorising the allotment and issue of the Consideration Shares under the Sale and Purchase Agreement
“Stock Exchange”	The Stock Exchange of Hong Kong Limited

“Structured Contracts”	Exclusive Technical Services Agreement, Exclusive Licensing Agreement on Intellectual Property, Exclusive Right to Purchase Agreement, Voting Rights Proxy Agreement, Pledge Agreement and Business and Management Services Agreement, details of which are set out in the section headed “THE STRUCTURED CONTRACTS” in this announcement
“Target Company”	Orange Triangle Inc., a limited liability company incorporated under the laws of the State of Delaware of the USA
“Target Group”	the Target Company, Orange HK, Orange Beijing and Beijing Zhixing Ruijing
“USA”	United State of America
“VIE”	variable interest entity
“Voting Rights Proxy Agreement”	the voting rights proxy agreement to be entered into amongst Orange Beijing, Onshore Target, and Onshore Target’s shareholders, details of which are set out in the section headed “The Structured Contracts” in this announcement
“HK\$”	Hong Kong Dollars, the lawful currency of Hong Kong
“RMB”	Renminbi, the lawful currency of the PRC
“US\$”	United States Dollars, the lawful currency of USA
“%”	per cent.

For the purpose of this announcement, unless otherwise stated, all amounts in RMB are translated into HK\$ at an exchange rate of HK\$1 = RMB0.79346 and all amounts in RMB are translated into US\$ at an exchange rate of US\$1 = RMB6.1615.

By Order of the board of the Directors
HC INTERNATIONAL, INC.

Guo Jiang

Chief Executive Officer and Executive Director

Beijing, PRC, 8 May 2015

As at the date of this announcement, the Board comprises:

Mr. Guo Fansheng (*Executive Director and Chairman*)

Mr. Guo Jiang (*Executive Director and Chief Executive Officer*)

Mr. Lee Wee Ong (*Executive Director and Chief Financial Officer*)

Mr. Li Jianguang (*Non-executive Director*)

Mr. Guo Wei (*Non-executive Director*)

Mr. Zhang Ke (*Independent Non-executive Director*)

Mr. Xiang Bing (*Independent Non-executive Director*)

Mr. Zhang Tim Tianwei (*Independent Non-executive Director*)