

THIS CIRCULAR IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION

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

If you have sold or transferred all your shares in HC International, Inc., you should at once hand this circular, together with the accompanying form of proxy, to the purchaser or transferee or to the bank, licensed securities dealer or other agent through whom the sale or transfer was effected for transmission to the purchaser or transferee.

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

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



20 years, young HC!

HC INTERNATIONAL, INC.

慧聰網有限公司*

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 2280)

**CONNECTED TRANSACTION IN RELATION TO
THE PROPOSED SUBSCRIPTION OF
ZERO COUPON CONVERTIBLE BONDS UNDER
SPECIFIC MANDATE AND
NOTICE OF EXTRAORDINARY GENERAL MEETING**

Financial Adviser to the Company



**WALLBANCK BROTHERS
Securities (Hong Kong) Limited**

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



**Gram Capital Limited
嘉林資本有限公司**

Capitalised terms used in this cover page shall have the same meanings as those defined in the section headed "DEFINITIONS" in this circular. A letter from the Board is set out on pages 6 to 18 of this circular. A letter from the Independent Board Committee containing its recommendation to the Independent Shareholders in connection with the Subscription is set out on pages 19 to 20 of this circular. A letter from Gram Capital Limited, the independent financial adviser to the Independent Board Committee and the Independent Shareholders, containing its advice and recommendation in connection with the Subscription, is set out on pages 21 to 34 of this circular.

A notice convening the EGM to be held at Tower B, Jingyi Technical Building, No. 9 Dazhongsi East Road, Haidian District, Beijing, the People's Republic of China (100098) on Monday, 1 February 2016, at 4:00 p.m. is set out on pages EGM-I to EGM-III of this circular. Whether or not the Shareholders are able to attend the EGM, the Shareholders are requested to complete and return the accompanying form of proxy in accordance with the instructions printed thereon and return the same to the office of the Hong Kong branch share registrar of the Company, Computershare Hong Kong Investor Services Limited at Room 1712-1716, 17th Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong as soon as possible but in any event not less than 48 hours before the time appointed for holding the EGM or any adjournment thereof. Completion and return of the form of proxy will not preclude the Shareholders from attending and voting in person at the EGM or any adjournment thereof should the Shareholders so wish.

CONTENTS

	<i>Page</i>
DEFINITIONS	1
LETTER FROM THE BOARD	6
LETTER FROM THE INDEPENDENT BOARD COMMITTEE	19
LETTER FROM GRAM CAPITAL	21
APPENDIX – GENERAL INFORMATION	A-1
NOTICE OF EGM	EGM-1

DEFINITIONS

In this circular, the following terms shall have the meanings set out below unless otherwise stated.

“Announcement”	the announcement of the Company dated 9 December 2015 in relation to the Subscription Agreement
“associate(s)”	has the meaning ascribed thereto under the Listing Rules
“Board”	the board of Directors
“Bondholder(s)”	the holder(s) of the Convertible Bonds
“Bonds Subscription Agreement”	the subscription agreement dated 20 November 2014 entered into between the Company, Credit Suisse (Hong Kong) Limited and China International Capital Corporation Hong Kong Securities Limited
“Business Day”	any day (excluding Saturdays, Sundays, public holidays and days on which a tropical cyclone warning No. 8 or above or a “black rainstorm warning signal” is hoisted in Hong Kong at any time between 9:00 a.m. and 5:00 p.m.) on which licensed banks generally are open for general banking business in Hong Kong
“Company”	HC International Inc. (Stock Code: 2280), a company incorporated in the Cayman Islands with limited liability, the shares of which are listed on the Stock Exchange
“Completion”	completion of the subscription of the Convertible Bonds
“Completion Date”	within 10 Business Days from the day on which all the conditions precedent to the Subscription Agreement are satisfied and fulfilled or such other date as the Company and the Subscribers may agree in writing
“connected person(s)”	has the meaning ascribed thereto under the Listing Rules
“Conversion Period”	the period commencing from the date of issue of the Convertible Bonds and ending on the day which falls on the 3rd anniversary of the date of issue of the Convertible Bonds

DEFINITIONS

“Conversion Price”	HK\$4.00 per Conversion Share (subject to adjustments)
“Conversion Share(s)”	up to 125,000,000 new Share(s) to be allotted and issued by the Company to the Bondholders upon the exercise of the conversion rights attaching to the Convertible Bonds at the Conversion Price
“Convertible Bonds”	the convertible bonds in an aggregated principal amount of HK\$500,000,000 to be issued by the Company under the Specific Mandate to the Subscribers pursuant to the Subscription Agreement
“Director(s)”	the director(s) of the Company
“EGM”	the extraordinary general meeting of the Company to be convened and held for the Independent Shareholders to consider and, if though fit, approve the Subscription Agreement and the transactions contemplated thereunder including among other things, the allotment and issue of the Conversion Shares under Specific Mandate
“Existing Convertible Bonds”	bonds with an aggregate principal amount of HK\$780,000,000 due 2019 issued by the Company pursuant to the Bonds Subscription Agreement
“Gram Capital” or “Independent Financial Advisor”	Gram Capital Limited, a licensed corporation to carry out Type 6 (advising on corporate finance) regulated activity under the SFO, being the independent financial adviser to the Independent Board Committee and the Independent Shareholders in relation to the Subscription Agreement and the transactions contemplated thereunder
“Group”	the Company and its subsidiaries
“HK\$” and “cents”	Hong Kong dollars and cents, the lawful currency of Hong Kong
“Hong Kong”	the Hong Kong Special Administrative Region of the People’s Republic of China

DEFINITIONS

“Independent Board Committee”	the independent board committee of the Company, comprising all the independent non-executive Directors, formed for the purpose of advising the Independent Shareholders in respect of the Subscription and the transactions contemplated under the Subscription Agreement
“Independent Shareholders”	shareholders other than the Subscribers and their associates and other Shareholders who are interested or involved in the Subscription of the Convertible Bonds, are required to abstain from voting on the resolutions to approve, among other things, the Subscription at EGM
“Independent Third Party(ies)”	third party(ies) independent of the Company and its connected persons (as defined under the Listing Rules)
“Last Trading Day”	9 December 2015, being the day of the Subscription Agreement
“Latest Practicable Date”	7 January 2016, being the latest practicable date prior to the printing of this circular for the purpose of ascertaining certain information contained in this circular
“Listing Rules”	The Rules Governing the Listing of Securities on the Stock Exchange
“Long Stop Date”	29 February 2016, or such later date as the Company and the Subscribers may mutually agree in writing
“PRC”	The People’s Republic of China, for the purpose of this circular, excludes Hong Kong, Macau Special Administrative Region and Taiwan
“SFC”	the Securities and Futures Commission of Hong Kong
“SFO”	the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong)
“Share(s)”	ordinary share(s) of HK\$0.10 each in the share capital of the Company
“Shareholder(s)”	holder(s) of the Shares of the Company

DEFINITIONS

“Specific Mandate”	the specific mandate to be granted to the Directors by the Independent Shareholders at the EGM for the allotment and issue of up to a maximum of 125,000,000 Conversion Shares
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Subscriber 1”	Mr. Guo Jiang, chief executive officer and executive Director of the Company, holds 66,724,771 Shares of the Company as at the Latest Practicable Date, representing approximately 7.41% of the total issued share capital of the Company. Accordingly, Mr. Guo Jiang is a connected person of the Company under the Listing Rules
“Subscriber 2”	Mr. Lee Wee Ong, executive Director and chief financial officer of the Company, holds 3,350,672 Shares of the Company as at the Latest Practicable Date, representing approximately 0.37% of the total issued share capital of the Company. Accordingly, Mr. Lee Wee Ong is a connected person of the Company under the Listing Rules
“Subscriber 3”	Mr. Liu Jun, a director of a non-wholly owned subsidiary of the Company, and indirectly holds 25% equity interest of the said subsidiary. Accordingly, Mr. Liu Jun is a connected person of the Company under the Listing Rules
“Subscriber 4”	Mr. Liu Xiaodong, a Shareholder of the Company and a director of several subsidiaries of the Company, holds 62,273,794 Shares, representing approximately 6.92% of the total issued share capital of the Company and is a connected person of the Company under the Listing Rules
“Subscribers”	Subscriber 1, Subscriber 2, Subscriber 3 and Subscriber 4 collectively
“Subscription”	the subscription of the Convertible Bonds by the Subscribers pursuant to the Subscription Agreement
“Subscription Agreement”	the conditional subscription agreement dated 9 December 2015 and entered into between the Company and the Subscribers in respect of the Subscription

DEFINITIONS

“Takeovers Code” the Codes on Takeovers and Mergers and Share Buy-backs issued by the Securities and Futures Commission

“%” per cent

For the purpose of this circular, unless otherwise stated, all amounts in RMB are translated into HK\$ at an exchange rate of HK\$1 = RMB0.8308.



20 years, young HC!

HC INTERNATIONAL, INC.

慧聪网有限公司*

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 2280)

Executive Directors:

Mr. Guo Fansheng (*Chairman*)
Mr. Guo Jiang (*Chief Executive Officer*)
Mr. Lee Wee Ong (*Chief Financial Officer*)

Non-executive Directors:

Mr. Li Jianguang
Mr. Guo Wei

Independent non-executive Directors:

Mr. Zhang Ke
Mr. Xiang Bing
Mr. Zhang Tim Tianwei

Registered Office:

4th Floor
One Capital Place
P.O. Box 847
George Town
Grand Cayman
Cayman Islands

Head Office and

Principal Place of Business:

Tower B
Jingyi Technical Building
No. 9 Dazhongsi East Road
Haidian District
Beijing 100098
The People's Republic of China

12 January 2016

To the Shareholders

Dear Sir or Madam,

**CONNECTED TRANSACTION IN RELATION TO
THE PROPOSED SUBSCRIPTION OF
ZERO COUPON CONVERTIBLE BONDS UNDER
SPECIFIC MANDATE**

INTRODUCTION

Reference is made to the announcement of the Company dated 9 December 2015.

On 9 December 2015, the Company entered into the Subscription Agreement with the Subscribers pursuant to which the Subscribers have conditionally agreed to subscribe for and the Company has conditionally agreed to issue the Convertible Bonds with an aggregate principal amount of HK\$500,000,000.

* for identification purposes only

LETTER FROM THE BOARD

The purpose of this circular is to provide you with, among other things, (i) further details of the Subscription and the transactions contemplated thereunder; (ii) a letter of recommendation from the Independent Board Committee to the Independent Shareholders in respect of the Subscription; (iii) a letter from Gram Capital to the Independent Board Committee and the Independent Shareholders in respect of the Subscription; (iv) a notice convening the EGM; and (v) other information as required under the Listing Rules.

Subscription Agreement

On 9 December 2015 (after trading hours), the Company entered into the Subscription Agreement with the Subscribers pursuant to which the Subscribers have conditionally agreed to subscribe for and the Company has conditionally agreed to issue the Convertible Bonds with an aggregate principal amount of HK\$500,000,000, with Subscriber 1, Subscriber 2, Subscriber 3 and Subscriber 4 subscribing for the Convertible Bonds in the principal amounts of HK\$160,000,000, HK\$60,000,000, HK\$160,000,000 and HK\$120,000,000 respectively.

Date : 9 December 2015 (after trading hours)

Parties	:	Issuer	:	The Company
		Subscriber 1	:	Guo Jiang
		Subscriber 2	:	Lee Wee Ong
		Subscriber 3	:	Liu Jun
		Subscriber 4	:	Liu Xiaodong

The Convertible Bonds carry the right to convert into Conversion Shares at the initial Conversion Price of HK\$4.00 per Conversion Share (subject to adjustments). Assuming the conversion rights attaching to the Convertible Bonds are exercised in full at the Conversion Price of HK\$4.00 per Conversion Share, 125,000,000 Conversion Shares will fall to be issued to the Bondholders, representing approximately 13.89% of the issued share capital of the Company as at the Latest Practicable Date and approximately 12.20% of the issued share capital of the Company as enlarged by the allotment and issue of the Conversion Shares.

Assuming the conversion rights attaching to the Convertible Bonds are exercised in full at the Conversion Price of HK\$4.00 per Conversion Share, 40,000,000, 15,000,000, 40,000,000 and 30,000,000 Conversion Shares will be allotted to Subscriber 1, Subscriber 2, Subscriber 3 and Subscriber 4 respectively.

LETTER FROM THE BOARD

Conditions Precedent

The Subscription Agreement is conditional upon:

- 1) no takeover implication or obligation having been triggered under the Takeovers Code;
- 2) no breach of public float requirement under the Listing Rules;
- 3) the passing of resolution(s) by the Independent Shareholders to approve the Subscription Agreement and the transactions contemplated thereunder, including the allotment and issue of the Conversion Shares under the Specific Mandate, at the EGM;
- 4) the Listing Committee of the Stock Exchange shall have approved the issue of the Convertible Bonds either unconditionally or subject to conditions to which neither the Company nor the Subscribers shall object without reasonable grounds and the satisfaction of such conditions;
- 5) the Listing Committee of the Stock Exchange shall have granted (either unconditionally or subject to conditions to which neither the Company nor the Subscribers shall object without reasonable grounds) the listing of, and permission to deal in, the Conversion Shares which fall to be allotted and issued upon the exercise of the Convertible Bonds;
- 6) the relevant monetary authority approving the issue of the Conversion Shares (if required);
- 7) any other approval as may be required for the Subscription; and
- 8) all representations, warranties and undertakings given by the Company under the Subscription Agreement remaining true and correct at all times as from the signing of the Subscription Agreement up to Completion, as if they were made on and as of Completion.

The Subscribers are entitled to waive only condition (8) above, at their absolute discretion by way of written notice to the Company.

If the conditions above are not fulfilled (or waived by the Subscribers) on or before Long Stop Date, the obligations of the Company and the Subscribers under the Subscription Agreement shall forthwith cease and terminate and neither the Company nor the Subscribers shall have any claim against the other party.

Completion

Subject to the fulfillment of the conditions set out in subsection “Conditions Precedent”, completion of the Convertible Bonds shall take place at or before 5:00 p.m. (Hong Kong time) on the Completion Date at the office of the Company.

LETTER FROM THE BOARD

Principal Terms of the Convertible Bonds

The principal terms of the Convertible Bonds are arrived at after arm's length negotiations between the Company and the Subscribers and are summarised as follows:

Principal Amount	:	HK\$500,000,000
Maturity Date	:	3rd anniversary of the issue date
Interest	:	Nil interest
Conversion Right(s)	:	<ol style="list-style-type: none">1. each holder of the Convertible Bonds shall have the right, exercisable during the Conversion Period to convert the whole or any part (in multiples of HK\$5,000,000) of the outstanding principal amount of Convertible Bonds held by such holder of Convertible Bonds into such number of Conversion Shares as will be determined by dividing the principal amount of Convertible Bonds to be converted by the Conversion Price in effect on the date of conversion.2. no fraction of a Share shall be issued on conversion of the Convertible Bonds and no cash adjustments will be made.
Conversion Price	:	the Conversion Price is HK\$4.00 per Conversion Share, subject to adjustments as set out and in accordance with the terms and conditions of the Convertible Bonds.
Adjustments events	:	<ol style="list-style-type: none">1. Consolidation or sub-division of Shares;2. Capitalisation of profits;3. Capital distribution;4. Issue of Shares by way of rights, options and warrants at a price which is less than 80% of the market price at the date of the announcement of the terms of the offer or grant;

LETTER FROM THE BOARD

5. Issue of any securities if and whenever the Company shall issue wholly for cash which are convertible into, exchangeable for or carry rights of subscription for Shares at an effective price which is less than 80% of the market price at the date of the announcement of the terms of issue of such securities;
6. Modification of rights of conversion or exchange or subscription attaching to any such securities so that the effective price will be less than 80% of the market price at the date of the announcement of the proposal to modify such rights of conversion or exchange or subscription;
7. Issue of Shares wholly for cash at more than 20% discount to the market price of such Shares; and
8. Issue of Shares for acquisition of asset at more than 20% discount to the market price of such Shares.

**Conversion
Shares**

- :
1. based on the initial Conversion Price of HK\$4.00, a maximum number of 125,000,000 Conversion Shares will be allotted and issued upon exercise in full of the conversion rights attaching to the Convertible Bonds.
 2. the Conversion Shares upon exercise of the conversion rights attaching to the Convertible Bonds shall be allotted and issued under the Specific Mandate to be granted to the Directors by the Independent Shareholders at the EGM.

**Conversion
Period**

- :
- the period commencing from the date of issue of the Convertible Bonds and ending on the day which falls on the 3rd anniversary of the date of issue of the Convertible Bonds.

LETTER FROM THE BOARD

- Conversion Restrictions** : the public float of the Company will not be unable to meet the relevant requirements under the Listing Rules; and upon exercise of the conversion rights attaching to the Convertible Bonds, the Bondholders and their respective associates, together with parties acting in concert (as defined in the Takeovers Code) with them, will not trigger a mandatory offer obligation under Rule 26 of the Takeovers Code.
- Early Redemption** : subject to the consent by holder(s) of the Convertible Bond, the Company may, by giving not less than 30 Business Days notice to the Bondholders of the Convertible Bonds, to redeem all or part of the outstanding the Convertible Bonds at an amount equal to 100% of the principal amount of the said outstanding the Convertible Bonds at any time from the date of issue of the Convertible Bonds.
- Redemption on Maturity Date** : the principal amount of the Convertible Bonds which remains outstanding on the Maturity Date shall be redeemed by the Company.
- Ranking** : Conversion Shares to be allotted and issued upon exercise of the conversion rights attaching to the Convertible Bonds shall rank pari passu in all respects among themselves and with all other existing Shares outstanding at the date of conversion and all Conversion Shares shall include rights to participate in all dividends and other distributions.
- Transferability** : any transfer of the Convertible Bonds shall be in respect of the whole or any part (in multiples of HK\$5,000,000) of the principal amount of the Convertible Bonds.

the Convertible Bonds must not be transferred to any person, firm or company which is a connected person or core connected person (as defined in the Listing Rules) of the Company or the associate or close associate (as defined in the Listing Rules) of such connected person or core connected person of the Company except in compliance with the applicable requirements under the Listing Rules and the Takeovers Code.

LETTER FROM THE BOARD

Application for listing	:	no application will be made by the Company to the Stock Exchange for listing of the Convertible Bonds. Application will be made by the Company to the Listing Committee for the listing of, and permission to deal in, the Conversion Shares.
Notice of conversion by other Bondholders	:	the Company may, upon request by the Bondholders in writing, notify the Bondholders about the conversion of the convertible bonds of the Company by other Bondholders within 7 Business Days from the date of receipt of the relevant conversion notice.

Conversion Price

The Conversion Price of HK\$4.00 per Conversion Share, representing:

- a discount of approximately 8.26% to the closing price of HK\$4.36 per Share as quoted on the Stock Exchange on the Last Trading Day;
- a discount of approximately 13.61% to the average closing price of approximately HK\$4.63 per Share as quoted on the Stock Exchange for the last five trading days immediately prior to the Last Trading Day;
- a discount of approximately 15.25% to the average closing price of approximately HK\$4.72 per Share as quoted on the Stock Exchange for the last ten trading days immediately prior to the Last Trading Day; and
- a discount of approximately 8.68% to the closing price of HK\$4.38 per Share as quoted on the Stock Exchange on the Latest Practicable Date.

The Conversion Price was arrived at after arm's length negotiations between the Company and the Subscribers with reference to the prevailing market prices of the Shares as shown above. The Directors (other than the independent non-executive Directors who will form an opinion after taken the recommendation from Gram Capital) consider the Conversion Price and the terms and conditions of the Subscription Agreement are fair and reasonable based on the current market conditions and in the interests of the Company and Shareholders as a whole.

LETTER FROM THE BOARD

EFFECT ON SHAREHOLDING STRUCTURE OF THE COMPANY

As at the Latest Practicable Date, the Company has 899,946,103 Shares in issue. The shareholding interests of the Company as at (i) the Latest Practicable Date; and (ii) immediately upon full exercise of the conversion rights attaching to the Convertible Bonds at the initial Conversion Price of HK\$4.00 per Share are as follows:

	(i) As at the Latest Practicable Date		(ii) Immediately upon full exercise of the conversion rights attaching to the Convertible Bonds	
	Number of Shares	Approximate % of shareholding	Number of Shares	Approximate % of shareholding
Directors:				
Guo Jiang (Subscriber 1) and his spouse	66,724,771	7.41%	106,724,771	10.41%
Guo Fansheng	57,749,015	6.42%	57,749,015	5.63%
Li Jianguang (Note 2)	32,000,384	3.56%	32,000,384	3.12%
Lee Wee Ong (Subscriber 2)	3,350,672	0.37%	18,350,672	1.79%
Substantial Shareholders:				
Talent Gain Developments Limited (Note 1)	142,621,107	15.85%	142,621,107	13.91%
Unique Golden Limited (Note 1)	23,408,000	2.60%	23,408,000	2.28%
Other Subscribers:				
Subscriber 3	–	–	40,000,000	3.90%
Subscriber 4	62,273,794	6.92%	92,273,794	9.00%
Public Shareholding (Note 3)	<u>511,818,360</u>	<u>56.87%</u>	<u>511,818,360</u>	<u>49.94%</u>
Total	<u>899,946,103</u>	<u>100%</u>	<u>1,024,946,103</u>	<u>100%</u>

Notes:

- 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).
- 32,000,384 shares are held by Callister Trading Limited, which is wholly owned by Mr. Li Jianguang. Accordingly, Mr. Li Jianguang is deemed, or taken to have, interested in the said 32,000,384 shares of the Company pursuant to the SFO.

LETTER FROM THE BOARD

3. Mr. Yang Ning was an executive Director and president of the Company who resigned with effect from 30 March 2015. Based on the disclosure of interest notice filed by Mr. Yang, Mr. Yang held 10,381,939 interest in the Shares as at 30 March 2015.
4. To the best of the Directors' information, belief and knowledge, save as disclosed above, none of the associates of the Subscribers have any shareholding of the Company.

REASONS FOR AND BENEFITS OF THE SUBSCRIPTION

The Company is an investment holding company. The Group is an operator of a B2B e-commerce platform that involves: internet technologies, internet finance, O2O business models, anti-counterfeit deployment, etc. Currently, the Group's key strategies have been focusing around the internet finance cluster, and the mergers, acquisitions and investments of verticals for more synergies, in order to boost the B2B transaction enablement.

The Directors are of the view that the Subscription will provide the Company with a good opportunity to raise funds for satisfying near future development needs, as well as further expand its capital base. The Subscription also reflects the commitment of the senior management of the Company to the Company.

The Directors consider that the terms of the Subscription Agreement, which were arrived at after arm's length negotiations between the Company and the Subscribers, are fair and reasonable and are in the interests of the Company and the Shareholders as a whole.

USE OF PROCEEDS

The maximum gross proceeds from the Subscription will be approximately HK\$500,000,000. The maximum net proceeds from the Subscription will amount to approximately HK\$498,850,000. The net proceeds from the Subscription will be applied for the following purposes and in the amounts set out below:

- i) as to approximately 48%, or HK\$239,448,000, shall be used for the development of internet finance business/cluster in China (existing business), including but not limited to development of the Company's existing microloan business through a joint venture company (重慶神州數碼慧聰小額貸款有限公司 Chongqing Digital China Huicong Micro-Credit Co., Ltd*) to provide microloans to small and medium-sized enterprises in China;
- ii) as to approximately 12%, or HK\$59,862,000, shall be allocated to the establishment of Huicong Finance Leasing Company Limited ("**Huicong Finance Leasing**") as the new business, an indirect wholly owned subsidiary with a total registered capital of US\$30,000,000. Relevant details have been indicated in the Company's 3rd Quarterly Report. Huicong Finance Leasing is expected to be fully operational by the first quarter of 2016; and

LETTER FROM THE BOARD

- iii) as to approximately 40%, or HK\$199,540,000, will be used for potential mergers and acquisitions or investments into the B2B 2.0 business (existing business) of the Company for vertical integration and horizontal alignments strategies, as well as for general working capital and general corporate purposes of the Company. As of the Latest Practicable Date, the Company has preliminarily identified several potential targets for the purpose of mergers and acquisitions for the existing businesses, but so far no agreement nor letter of intent has been executed.

The Group's strategic focus remains on growing its existing internet finance business/cluster with potential synergies from vertical integration and horizontal alignments strategies in order to foster the development of its B2B e-commerce business.

The Company has no intention to apply the proceeds from the Subscription for the subscription of shares of Inner Mongolia Hohhot Jingu Rural Commercial Bank Limited Company (the "**Acquisition**") at this stage. As of the date of this circular and as indicated in the announcement of the Company dated 7 December 2015, the Company will finance the said Acquisition through internal resources. However, the Company shall not exclude the possibility to re-allocate the unutilized proceeds from the Subscription for the funding of the Acquisition should the Company further identifies a better utilization of its internal resources.

INFORMATION OF THE COMPANY

The Company is an investment holding company listed on the Stock Exchange. Currently, the Group has five business segments, namely: (i) online 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.

INFORMATION ON THE SUBSCRIBERS

Information on Subscriber 1

Subscriber 1, Mr. Guo Jiang, chief executive officer and executive Director of the Company, holds 66,724,771 Shares of the Company as at the Latest Practicable Date, representing approximately 7.41% of the total issued share capital of the Company. Accordingly, Subscriber 1 is a connected person of the Company under the Listing Rules and shall abstain from voting at the EGM.

Information on Subscriber 2

Subscriber 2, Mr. Lee Wee Ong, executive Director and chief financial officer of the Company, holds 3,350,672 Shares of the Company as at the Latest Practicable Date, representing approximately 0.37% of the total issued share capital of the Company. Accordingly, Subscriber 2 is a connected person of the Company under the Listing Rules and shall abstain from voting at the EGM.

LETTER FROM THE BOARD

Information on Subscriber 3

Subscriber 3, Mr. Liu Jun, is a director of a non-wholly owned subsidiary of the Company, and indirectly holds 25% equity interest of the said subsidiary. Accordingly, Subscriber 3 is a connected person of the Company under the Listing Rules and shall abstain from voting at the EGM.

Information on Subscriber 4

Subscriber 4, Mr. Liu Xiaodong, a Shareholder of the Company and a director of several subsidiaries of the Company and holds 62,273,794 Shares, representing approximately 6.92% of the total issued share capital of the Company. Accordingly, Subscriber 4 is a connected person of the Company under the Listing Rules and shall abstain from voting at the EGM.

FUNDRAISING ACTIVITIES IN THE PAST TWELVE MONTHS

Save as disclosed below, the Company has not conducted any fundraising activities in the past twelve months before the Latest Practicable Date.

Date of announcement	Fundraising activity	Net proceeds raised	Proposed use of proceeds	Actual use of proceeds
12 November 2015	Placing of new shares under general mandate	HK\$277,340,000	For potential acquisitions or investments, input of resources into the B2B 2.0 business (which mainly includes transactions and internet finance), as well as working capital and general corporate purposes	Approximately HK\$221,500,000 used as intended

SPECIFIC MANDATE

The Subscription Agreement and the transactions contemplated thereunder, including among other things, the allotment and issue of the Conversion Shares under the Specific Mandate upon exercise of the conversion rights attaching to the Convertible Bonds are subject to the approval of the Independent Shareholders at the EGM.

APPLICATION FOR LISTING

No application will be made by the Company to the Stock Exchange for the listing of the Convertible Bonds. Application will be made by the Company to the Listing Committee for the listing of, and permission to deal in, the Conversion Shares.

LETTER FROM THE BOARD

LISTING RULES IMPLICATIONS

As at the Latest Practicable Date, Subscriber 1 is the chief executive officer and executive Director of the Company holding 66,724,771 Shares, representing approximately 7.41% of the total issued share capital of the Company. Subscriber 2 is the chief financial officer and executive Director of the Company holding 3,350,672 Shares, representing approximately 0.37% of the total issued share capital of the Company. Subscriber 3 is a director of a non-wholly owned subsidiary of the Company and indirectly holds 25% equity interest of the said subsidiary. Subscriber 4 is a Shareholder of the Company and a director of several subsidiaries of the Company, holding 62,273,794 Shares, representing approximately 6.92% of the total issued share capital of the Company.

Accordingly, the Subscribers are connected persons of the Company under the Listing Rules. Therefore, the Subscription constitutes as a non-exempt connected transaction of the Company subject to reporting, announcement, and the Independent Shareholders' approval requirements under Chapter 14A of the Listing Rules by way of poll at the EGM.

The Subscribers and their respective associates shall abstain from voting at the EGM to be convened to consider and, if thought fit, to approve the Subscription Agreement and the transactions contemplated thereunder and the Specific Mandate. To the best of the Directors' information, belief and knowledge, save for the Subscribers and their respective associates, no other parties have any material interest which is different from other Shareholders in relation to the Subscription and the grant of the Specific Mandate.

An Independent Board Committee has been established to make recommendation to the Independent Shareholders regarding the Subscription Agreement and the transactions contemplated thereunder. Gram Capital has been appointed to advise the Independent Board Committee and the Independent Shareholders in relation to the Subscription and the transactions contemplated thereunder.

EGM

An EGM will be convened and held for the Shareholders to consider and, if thought fit, to approve the Subscription Agreement and the transactions contemplated thereunder.

The notice of EGM is set on pages EGM-I to EGM-III of this circular. A form of proxy for use in connection with the EGM is enclosed with this circular. Whether or not you intend to attend the EGM, please complete and return the enclosed form of proxy in accordance with the instructions printed thereon to the share registrar of the Company in Hong Kong, Computershare Hong Kong Investor Services Limited at Room 1712-1716, 17th Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong as soon as possible but in any event not less than 48 hours before the time appointed for holding the EGM or any adjournment thereof. Completion and return of the form of proxy will not preclude you from attending and voting in person at the EGM (or any adjournment meeting thereof) should you so wish.

Pursuant to Rule 13.39(4) of the Listing Rules, all resolutions at the EGM will be voted on by way of poll and the Company will announce the results of the poll in the manner prescribed under Rule 13.39(5) of the Listing Rules.

LETTER FROM THE BOARD

RESPONSIBILITY STATEMENT

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

RECOMMENDATION

The Directors (including the independent non-executive Directors) consider that the terms of the Subscription Agreement and the transactions contemplated thereunder and the Specific Mandate are fair and reasonable and on normal commercial terms so far as the Independent Shareholders are concerned and are in the interests of the Company and the Independent Shareholders as a whole. Accordingly, the Board recommends the Independent Shareholders to vote in favour of the ordinary resolution as set out in the notice of the EGM to approve the Subscription Agreement and the transactions contemplated thereunder.

Your attention is also drawn to the letter from the Independent Board Committee set out on pages 19 to 20 of this circular. The Independent Board Committee, having taken into account the advice of the Gram Capital, the text of which is set out on pages 21 to 34 of this circular, considers that the terms of the issue of the Convertible Bonds to the Subscribers who are connected persons, under the Subscription Agreement are fair and reasonable, on normal commercial terms and in the interest of the Company and the Shareholders as a whole.

Accordingly, the Independent Board Committee recommends that the Independent Shareholders to vote in favour of the resolution to be proposed at the EGM to approve the Subscription Agreement and the transactions contemplated thereunder, including but not limited to the issue of the Convertible Bonds and the allotment and issue of the Conversion Shares.

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

Guo Jiang

Chief Executive Officer and Executive Director



20 years, young HC!

HC INTERNATIONAL, INC.

慧聪网有限公司*

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 2280)

12 January 2016

To the Independent Shareholders

Dear Sir or Madam,

**CONNECTED TRANSACTION IN RELATION TO
THE PROPOSED SUBSCRIPTION OF
ZERO COUPON CONVERTIBLE BONDS UNDER
SPECIFIC MANDATE**

We refer to the circular dated 12 January 2016 of the Company (the “Circular”) of which this letter forms part. Terms defined in the Circular bear the same meanings herein unless the context otherwise requires.

We have been appointed as members of the Independent Board Committee to consider and advise the Independent Shareholders as to whether, in our opinion, the terms of the Subscription Agreement are fair and reasonable so far as the Independent Shareholders are concerned and whether the Subscription is (i) fair and reasonable; (ii) on normal commercial terms; and (iii) in the interest of the Company and the Independent Shareholders as a whole. Gram Capital Limited has been appointed as the Independent Financial Adviser to advise the Independent Board Committee and the Independent Shareholders in respect of the Subscription.

We wish to draw your attention to the “Letter from the Board” set out on pages 6 to 18 of the Circular which contains, among other things, information about the Subscription, and the “Letter from Gram Capital” set out on pages 21 to 34 of the Circular which contains Gram Capital’s advice in respect of the Subscription.

* For identification purposes only

LETTER FROM THE INDEPENDENT BOARD COMMITTEE

Having considered (i) the reasons for and the benefits of the Subscription as set out in the “Letter from the Board”; and (ii) the principal factors and reasons taken into account by Gram Capital in arriving at its opinion regarding the Subscription set out in the “Letter from Gram Capital”, we consider that the terms of the Subscription Agreement are fair and reasonable and on normal commercial terms so far as the Independent Shareholders are concerned and the Subscription is in the interests of the Company and the Shareholders as a whole. Accordingly, we recommend the Independent Shareholders to vote in favour of the ordinary resolution set out in the notice of the EGM in respect of the Subscription.

Yours faithfully,
For and on behalf of
Independent Board Committee

Mr. Zhang Ke
*Independent Non-executive
Director*

Mr. Xiang Bing
*Independent Non-executive
Director*

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

LETTER FROM GRAM CAPITAL

Set out below is the text of a letter received from Gram Capital, the Independent Financial Adviser to the Independent Board Committee and the Independent Shareholders in respect of the Subscription for the purpose of inclusion in this circular.



Room 1209, 12/F.
Nan Fung Tower
88 Connaught Road Central/
173 Des Voeux Road Central
Hong Kong

12 January 2016

*To: The independent board committee and the independent shareholders
of HC International, Incorporation*

Dear Sirs,

CONNECTED TRANSACTION IN RELATION TO THE PROPOSED SUBSCRIPTION OF ZERO COUPON CONVERTIBLE BONDS UNDER SPECIFIC MANDATE

INTRODUCTION

We refer to our appointment as the Independent Financial Adviser to advise the Independent Board Committee and the Independent Shareholders in respect of the Subscription, details of which are set out in the letter from the Board (the “**Board Letter**”) contained in the circular dated 12 January 2016 issued by the Company to the Shareholders (the “**Circular**”), of which this letter forms part. Terms used in this letter shall have the same meanings as defined in the Circular unless the context requires otherwise.

On 9 December 2015 (after trading hours), the Company and the Subscribers entered into the Subscription Agreement pursuant to which the Company has conditionally agreed to issue and the Subscribers have conditionally agreed to subscribe for the Convertible Bonds in the aggregate principal amount of HK\$500,000,000 with the initial Conversion Price of HK\$4.00 per Conversion Share, subject to adjustments events (the “**Adjustments Events**”) as set out under the section headed “Principal terms of the Convertible Bonds” of the Board Letter.

With reference to the Board Letter, the Subscription constitutes a non-exempt connected transaction of the Company subject to reporting, announcement, and the Independent Shareholders’ approval requirements under Chapter 14A of the Listing Rules by way of poll at the EGM.

The Independent Board Committee comprising Mr. Zhang Ke, Mr. Xiang Bing and Mr. Zhang Tim Tianwei (all being independent non-executive Directors) has been established to advise the Independent Shareholders on (i) whether the terms of Subscription Agreement are on normal commercial terms and are fair and reasonable so

LETTER FROM GRAM CAPITAL

far as the Independent Shareholders are concerned; (ii) whether the Subscription is in the interests of the Company and the Shareholders as a whole; and (iii) how the Independent Shareholders should vote in respect of the resolution(s) to approve the Subscription Agreement and the respective transactions contemplated thereunder at the EGM. We, Gram Capital Limited, have been appointed as the Independent Financial Adviser to advise the Independent Board Committee and the Independent Shareholders in this respect.

BASIS OF OUR OPINION

In formulating our opinion to the Independent Board Committee and the Independent Shareholders, we have relied on the statements, information, opinions and representations contained or referred to in the Circular and the information and representations as provided to us by the Directors. We have assumed that all information and representations that have been provided by the Directors, for which they are solely and wholly responsible, are true and accurate at the time when they were made and continue to be so as at the Latest Practicable Date. We have also assumed that all statements of belief, opinion, expectation and intention made by the Directors in the Circular were reasonably made after due enquiry and careful consideration. We have no reason to suspect that any material facts or information have been withheld or to doubt the truth, accuracy and completeness of the information and facts contained in the Circular, or the reasonableness of the opinions expressed by the Company, its advisers and/or the Directors, which have been provided to us. Our opinion is based on the Directors' representation and confirmation that there are no undisclosed private agreements/arrangements or implied understanding with anyone concerning the Subscription. We consider that we have taken sufficient and necessary steps on which to form a reasonable basis and an informed view for our opinion in compliance with Rule 13.80 of the Listing Rules.

The Directors have collectively and individually accepted full responsibility for the accuracy of the information contained in the Circular and have confirmed, having made all reasonable enquiries, which to the best of their knowledge and belief, that the information contained in the Circular is accurate and complete in all material respects and not misleading or deceptive, and there are no other matters the omission of which would make any statement in the Circular or the Circular misleading. We, as the Independent Financial Adviser, take no responsibility for the contents of any part of the Circular, save and except for this letter of advice.

We consider that we have been provided with sufficient information to reach an informed view and to provide a reasonable basis for our opinion. We have not, however, conducted any independent in-depth investigation into the business and affairs of the Company, the Subscribers or their respective subsidiaries or associates, nor have we considered the taxation implication on the Group or the Shareholders as a result of the Subscription. Our opinion is necessarily based on the financial, economic, market and other conditions in effect and the information made available to us as at the Latest Practicable Date. Shareholders should note that subsequent developments (including any material change in market and economic conditions) may affect and/or change our opinion and we have no obligation to update this opinion to take into account events occurring after the Latest Practicable Date or to update, revise or reaffirm our opinion. In addition, nothing contained in this letter should be construed as a recommendation to hold, sell or buy any Shares or any other securities of the Company.

LETTER FROM GRAM CAPITAL

Lastly, where information in this letter has been extracted from published or otherwise publicly available sources, it is the responsibility of Gram Capital to ensure that such information has been correctly extracted from the relevant sources while we are not obligated to conduct any independent in-depth investigation into the accuracy and completeness of those information.

PRINCIPAL FACTORS AND REASONS CONSIDERED

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

1. Background of and reasons for the Subscription

Business overview of the Group

With reference to the Board Letter, the Company is an investment holding company listed on the Stock Exchange. Currently, the Group has five business segments, namely: (i) online services, (ii) trade catalogues and yellow page directories, (iii) seminars and other services, (iv) O2O business exhibition centre (formerly known as B2B household electrical appliances business exhibition centre), and (v) anti-counterfeiting products and services.

Set out below are the consolidated financial information of the Group for the six months ended 30 June 2015 and two years ended 31 December 2014 as extracted from the Company's interim report for the six months ended 30 June 2015 and annual report for the year ended 31 December 2014 (the "2014 Annual Report"):

	For the six months ended 30 June 2015 RMB'000	For the year ended 31 December 2014 RMB'000	For the year ended 31 December 2013 RMB'000	Change from 2013 to 2014 %
Revenue	391,052	966,637	837,721	15.39
– Online services	315,936	812,935	693,903	17.15
– Trade catalogues and yellow page directories	8,447	35,630	42,924	(16.99)
– Seminars and other services	37,061	101,879	100,894	0.98
– O2O business exhibition centre (formerly known as B2B household electrical appliances business exhibition centre)	–	–	–	NA
– Anti-counterfeiting products and services	29,608	16,193	–	NA
Profit for the year	33,983	183,261	151,534	20.94

LETTER FROM GRAM CAPITAL

	As at 30 June 2015 RMB'000	As at 31 December 2014 RMB'000	As at 31 December 2013 RMB'000	Change from 2013 to 2014 %
Cash and cash equivalents	867,166	1,321,898	1,025,089	28.95

According to the above table, the Group recorded an increase of approximately 15.39% in revenue for the year ended 31 December 2014 ("FY2014") as compared to the year ended 31 December 2013 ("FY2013"). With reference to the 2014 Annual Report and as confirmed by the Directors, the increase in revenue was mainly due to the continuously steady growth of the internet business. The Group also recorded an increase of approximately 20.94% in profit for the year from FY2013 to FY2014. As at 30 June 2015, the Group recorded cash and cash equivalents of approximately RMB867.17 million.

Information on the Subscribers

Information of Subscriber 1

Mr. Guo Jiang, being the chief executive officer and executive Director of the Company, holds 66,724,771 Shares as at the Latest Practicable Date, representing approximately 7.41% of the total issued share capital of the Company.

Information of Subscriber 2

Mr. Lee Wee Ong, being the executive Director and chief financial officer of the Company, holds 3,350,672 Shares as at the Latest Practicable Date, representing approximately 0.37% of the total issued share capital of the Company.

Information of Subscriber 3

Mr. Liu Jun, being a director of a non-wholly owned subsidiary of the Company, indirectly holds 25% equity interest of the said subsidiary.

Information of Subscriber 4

Mr. Liu Xiaodong, a Shareholder of the Company and a director of several subsidiaries of the Company and holds 62,273,794 Shares as at the Latest Practicable Date, representing approximately 6.92% of the total issued share capital of the Company.

LETTER FROM GRAM CAPITAL

Financing alternatives available to the Group

Save as disclosed below, the Company has not conducted any equity fund raising activities in the past twelve months before the Latest Practicable Date.

Date of announcement	Equity Fund raising activity	Net proceeds raised	Proposed use of proceeds	Actual use of proceeds
12 November 2015	Placing of new shares under general mandate	HK\$277,340,000	For potential acquisitions or investments, input of resources into the B2B 2.0 business (which mainly includes transactions and internet finance), as well as working capital and general corporate purposes	Approximately HK\$221,500,000 used as intended

Upon our enquiry with the Directors, we understand that apart from the Subscription, the Directors have also considered other fund raising alternatives for the Group, including both debt and equity financing. In relation to debt financing, the Directors advised us they did not consider debt financing or bank borrowings as they would result in additional interest burden to and higher gearing ratio for the Group. As for equity financing, taking into account (i) the prevailing market prices and trading volume of the Shares which are not favourable to a fund raising exercise for substantial amount by way of issue of new Shares to independent third party(ies) or to existing Shareholders on a pro rata basis (e.g. rights issue and open offer) where considerable discount to the market prices of the Shares would be required; and (ii) the Company having enquired certain brokerage houses and the Directors considering that the responses are unfavourable, the Directors did not consider the above equity financing to be feasible financing alternatives. We concur with the Directors in this respect.

Reasons for the Subscription and use of proceeds

With reference to the Board Letter, the Company is an investment holding company. The Group is an operator of a B2B e-commerce platform that involves: internet technologies, internet finance, O2O business models, anti-counterfeit deployment, etc. Currently, the Group's key strategies have been focusing around the internet finance cluster, and the mergers, acquisitions, and investments of verticals for more synergies, in order to boost the B2B transaction enablement.

The Directors are of the view that the Subscription will provide the Company with a good opportunity to raise funds for satisfying near future development needs, as well as further expand its capital base. The Subscription also reflects the commitment of the senior management of the Group to the Company.

LETTER FROM GRAM CAPITAL

With reference to the Board Letter, the Board considers that the Subscription represents a good opportunity to raise additional funds as an aggregate of HK\$500,000,000 for the Group. The maximum net proceeds from the Subscription will amount to approximately HK\$498,850,000. The net proceeds from the Subscription will be applied for (i) as to approximately 48%, or HK\$239,448,000, shall be used for the development of the internet finance business/cluster in the PRC (which is the existing business of the Group), including but not limited to, development of the Company's existing microloan business through a joint venture company, which is engaged in providing microloans to small and medium size business enterprises in the PRC; (ii) as to approximately 12%, or HK\$59,862,000, shall be allocated to the establishment of Huicong Finance Leasing Company Limited ("**Huicong Finance Leasing**"), being a new business of the Group, with a total registered capital of US\$30,000,000; and (iii) as to approximately 40%, or HK\$199,540,000, will be used for potential merger and acquisitions or investments into the B2B 2.0 business of the company (which is the existing business of the Group) for vertical integration and horizontal alignments strategies, as well as for general working capital and general corporate purposes of the Company. As at the Latest Practicable Date, the Company has preliminarily identified several potential targets for the purpose of mergers and acquisitions for the existing business, but thus far no agreement nor letter of intent had been executed.

As advised by the Directors, the Group's strategic focus remains on growing its existing internet finance business/cluster with potential synergies from vertical integration and horizontal alignments strategies in order to foster the development of its B2B e-commerce business.

We noted from the third quarterly report of the Company for the nine months ended 30 September 2015 (the "**Third Quarterly Report**") that the Board considers the establishment of Huicong Finance Leasing shall be of a great assistance to the development of the internet finance sector of the Company, together with the Company's current business operations, Huicong Finance Leasing shall provide its customers with multiple solution services. Huicong Finance Leasing is expected to be in full operation by the first quarter of 2016. As further advised by the Directors, as at the Latest Practicable Date, paid-in capital of Huicong Finance Leasing was US\$15,000,000.

We further noted from the Third Quarterly Report that since the beginning of 2015, the transformation of the B2B platform to comprehensive B2B service provider had been accelerated. In addition, B2B platform companies had been differentiated in terms of service providing. The reconstructing of business layout since 2013 has enabled the Group to create its differentiated B2B ecosystem, including the setting up of online transaction platform, HuiFuBao (慧付寶), and to improve user experience constantly. As for internet financing, from leveraging on the auxiliary internet financing products from the third party to forming a micro-credit financing company with Digital China Holdings Limited by way of joint venture. On 22 July 2015,

the Group acquired 2.49% of the shares of Inner Mongolia Hohhot Jingu Rural Commercial Bank Limited Company* (內蒙古呼和浩特金谷農村商業銀行股份有限公司) (“**Jingu Rural Commercial Bank**”), a commercial bank based in Inner Mongolia. With reference to the announcement of the Company dated 7 December 2015, on 7 December 2015, the Group further subscribe 13.94% then issued share capital of Jingu Rural Commercial Bank. The Group will in aggregate be interested in 10.00% issued share capital of Jingu Rural Commercial Bank as enlarged by the aforesaid subscriptions. Leveraging on HuiFuBao, micro-credit financing company and strategic cooperation with Jingu Rural Commercial Bank, the Group’s safe proliferation of internet financing would generate blending effects and continue to brew, ultimately facilitating B2B transactions, assisting in the formation of B2B 2.0 (which is transaction based, along with internet finance and other B2B related services) segments.

As advised by the Directors, the Company has no intention to apply the proceeds from the Subscription for the subscription of shares of Jingu Rural Commercial Bank at this stage. As at the Latest Practicable Date and as indicated in the announcement of the Company dated 7 December 2015, the Company will finance the above mentioned acquisition through internal resources. However, the Company shall not exclude the possibility to re-allocate the unutilized proceeds from the Subscription for the funding of the Acquisition should the Company further identifies a better utilization of its internal resources.

Having considered the above reasons for and possible benefits of the Subscription and the proposed use of the net proceeds from the Subscription, we are of the view that the Subscription (including the proposed use of net proceeds from the Subscription) is in the interest of the Company and the Shareholders as a whole.

2. Principal terms of the Subscription Agreement

On 9 December 2015 (after trading hours), the Company and the Subscribers entered into the Subscription Agreement pursuant to which the Company has conditionally agreed to issue and the Subscribers have conditionally agreed to subscribe for the Convertible Bonds in the aggregate principal amount of HK\$500,000,000 with the initial Conversion Price of HK\$4.00 per Conversion Share, subject to Adjustments Events. The Convertible Bonds bear no interest and will mature on the 3rd anniversary of the issue date of the Convertible Bonds.

LETTER FROM GRAM CAPITAL

Analysis on the Conversion Price

With reference to the Board Letter, the Conversion Price was arrived at after arm's length negotiations between the Company and the Subscribers with reference to the prevailing market prices of the Shares.

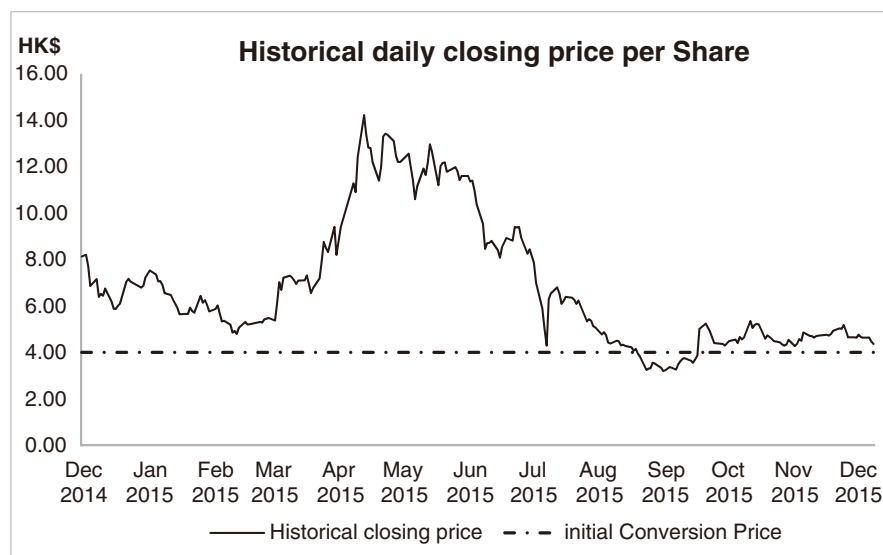
The initial Conversion Price of HK\$4.00 per Conversion Share, representing:

- (a) a discount of approximately 8.68% to the closing price of the Shares of HK\$4.38 per Share as quoted on the Stock Exchange on the Latest Practicable Date;
- (b) a discount of approximately 8.26% to the closing price of the Shares of HK\$4.36 per Share as quoted on the Stock Exchange on the Last Trading Day;
- (c) a discount of approximately 13.61% to the average closing price of approximately HK\$4.63 per Share as quoted on the Stock Exchange for the last five trading days immediately prior to the Last Trading Day; and
- (d) a discount of approximately 15.25% to the average closing price of approximately HK\$4.72 per Share as quoted on the Stock Exchange for the last ten trading days immediately prior to the Last Trading Day.

In order to assess the fairness and reasonableness of the initial Conversion Price, we have reviewed the daily closing price of the Shares as quoted on the Stock Exchange from 1 December 2014 up to and including the Last Trading Day (the "**Review Period**"), being a period of approximately one

LETTER FROM GRAM CAPITAL

year prior to the Subscription Agreement and up to the Last Trading Day. The comparison of daily closing prices of the Shares and the initial Conversion Price is illustrated as follows:



Source: the Stock Exchange's website

During the Review Period, the lowest and highest closing prices of the Shares as quoted on the Stock Exchange were HK\$3.19 per Share recorded on 1 September 2015 and HK\$14.22 recorded on 13 April 2015 respectively. The initial Conversion Price of HK\$4.00 is within the range of the lowest and highest closing prices of the Shares as quoted on the Stock Exchange during the Review Period. The closing prices of the Shares showed an increasing trend from February 2015 to the mid of April 2015. After 13 April 2015, the closing prices of the Shares showed a general decreasing trend until the end of August 2015. The closing prices of the Shares showed a general recovering trend since September 2015.

As part of our analysis, we have further identified those issue and subscription of convertible bonds exercises under specific mandate which were announced by companies listed on the Stock Exchange from 10 June 2015 up to the Last Trading Day (the “**Comparables**”). To the best of our knowledge and as far as we are aware of, we found 9 transactions which met the said criteria. Shareholders should note that the businesses, operations and prospects of the Company are not the same as the Comparables.

LETTER FROM GRAM CAPITAL

Company name	Stock code	Date of announcement	Maturity (Years)	Interest rate per annum (%)	(Discount)/Premium of the conversion price to/over closing price per share on the last trading day prior to/the date of announcement/ agreement in relation to the respective subscription/ placing of convertible bonds/notes (%)
China Investment Fund Company Limited	612	23 June 2015	3	5.00	(27.50)
China Agri-Products Exchange Limited	149	7 July 2015 & 16 July 2015	3	5.00	3.39
Cheung Wo International Holdings Limited	9	12 August 2015	2	8.00 (Note)	(8.40)
Loudong General Nice Resources (China) Holdings Limited	988	24 August 2015	3	6.00	(58.20)
Global Bio-chem Technology Group Company Limited	809	30 August 2015	5	0.01	(33.33)
Finet Group Limited	8317	8 September 2015	2	3.00	(34.00)
Link Holdings Limited	8237	8 October 2015	5	0.01	(65.63)
Harmonic Strait Financial Holdings Limited	33	5 November 2015	2	Nil	(28.57)
Heng Xin China Holdings Limited	8046	8 December 2015	1	5.00	(30.72)
Maximum				8.00	3.39
Minimum				Nil	(65.63)
Average				3.56	31.44
The Company	2280	9 December 2015	3	Nil	(8.26)

Note: The interest rate is an annual interest rate of 3% plus the prime lending rate quoted by The Hongkong and Shanghai Banking Corporation Limited on the date of the relevant subscription agreement (i.e. 12 August 2015) which is 5%.

LETTER FROM GRAM CAPITAL

We noted from the above table that the conversion prices of the Comparables ranged from a discount of approximately 65.63% to a premium of approximately 3.39% to/over the respective closing prices of their shares on the last trading day prior to the release of announcement/date of agreement in relation to the respective issue/subscription of convertible notes/bonds exercises (the “**Market Range**”). As such, the initial Conversion Price, which represents a discount of approximately 8.26% to the closing price of the Shares on the Last Trading Day falls within the Market Range. Therefore, we are of the opinion that the Conversion Price is in line with the recent market practice.

As a result of the fact that (i) the initial Conversion Price of HK\$4.00 is within the range of the daily closing prices of the Share during the Review Period; and (ii) the initial Conversion Price is in line with the recent market practice, we are of the view that the Conversion Price is fair and reasonable so far as the Independent Shareholders are concerned.

Adjustment to the initial Conversion Price

Under the terms of the Subscription Agreement, the initial Conversion Price is subject to adjustment upon occurrence of certain prescribed events (the “**Adjustments**”), for details, please refer to the Board Letter. From our research over the announcements published on the web-site of the Stock Exchange at <http://www.hkex.com.hk>, we noticed that similar conversion price adjustment mechanism in various forms are often included in the terms of the convertible bonds/notes issued by other listed companies in Hong Kong. Due to this reason, we are of the view that the Adjustments are rather usual under normal market practice.

Analysis on the interest rate of the Convertible Bonds

As presented by the table under the above sub-section of this letter, the Comparables carried an annual interest rate of Nil to 8.00%. Since the Convertible Bonds bear no interest, we consider that the interest rate of the Convertible Bonds is in the interest of the Company and the Independent Shareholders as a whole.

Taking into account the principal terms of the Convertible Bonds as highlighted above, we consider that the terms of the Convertible Bonds are fair and reasonable. As such, we are of the view that the terms of Subscription Agreement are on normal commercial terms and are fair and reasonable so far as the Independent Shareholders are concerned.

LETTER FROM GRAM CAPITAL

3. Possible dilution effect on the shareholding interests of the public Shareholders

For illustration purpose only, the following table sets out the shareholding structure of the Company (i) as at the Latest Practicable Date; and (ii) immediately after upon full exercise of the conversion rights attaching to the Convertible Bonds:

Name of Shareholder	As at the Latest Practicable Date		Immediately after upon full exercise of the conversion rights attaching to the Convertible Bonds	
	Number of Shares	Approximate % of shareholding	Number of Shares	Approximate % of shareholding
<i>Directors</i>				
Guo Jiang (Subscriber 1) and his spouse	66,724,771	7.41	106,724,771	10.41
Guo Fansheng	57,749,015	6.42	57,749,015	5.63
Li Jianguang (Note 1)	32,000,384	3.56	32,000,384	3.12
Lee Wee Ong (Subscriber 2)	3,350,672	0.37	18,350,672	1.79
<i>Substantial Shareholders</i>				
Talent Gain Developments Limited (Note 2)	142,621,107	15.85	142,621,107	13.91
Unique Golden Limited (Note 2)	23,408,000	2.60	23,408,000	2.28
<i>Other Subsiders</i>				
Subscriber 3	–	–	40,000,000	3.90
Subscriber 4	62,273,794	6.92	92,273,794	9.00
<i>Existing public Shareholders</i>				
(Note 3)	511,818,360	56.87	511,818,360	49.94
Total	899,946,103	100.00	1,024,946,103	100.00

Notes:

- 32,000,384 shares are held by Callister Trading Limited, which is wholly owned by Mr. Li Jianguang. Accordingly, Mr. Li Jianguang is deemed, or taken to have, interested in the said 32,000,384 shares of the Company pursuant to the SFO.
- 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).
- Mr. Yang Ning was an executive Director and president of the Company who resigned with effect from 30 March 2015. Based on the disclosure of interest notice filed by Mr. Yang, Mr. Yang held 10,381,939 interest in the Shares as at 30 March 2015.

LETTER FROM GRAM CAPITAL

As depicted by the above table, the shareholding interests of the public Shareholders in the Company would be diluted by (i) approximately 6.93 percent point as a result of the full exercise of the conversion rights attaching to the Convertible Bonds. In this regard, taking into account (i) the reasons for and possible benefits of the Subscription; and (ii) the terms of the Subscription Agreement being fair and reasonable, we are of the view that the said level of dilution to the shareholding interests of the public Shareholders as a result of the full exercise of the conversion rights attaching to the Convertible Bonds is acceptable.

RECOMMENDATION

Having taken into consideration the factors and reasons as stated above, we are of the opinion that (i) the terms of the Subscription Agreement are on normal commercial terms and are fair and reasonable so far as the Independent Shareholders are concerned; and (ii) the Subscription is in the interests of the Company and the Shareholders as a whole. Accordingly, we recommend the Independent Board Committee to advise the Independent Shareholders to vote in favour of the resolution(s) to be proposed at the EGM to approve the Subscription Agreement and the transactions contemplated thereunder and we recommend the Independent Shareholders to vote in favour of the resolution(s) in this regard.

Yours faithfully,
For and on behalf of
Gram Capital Limited
Graham Lam
Managing Director

1. RESPONSIBILITY STATEMENT

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

2. DISCLOSURE OF INTERESTS

(a) Director's Interest in the securities of the Company

As at the Latest Practicable Date, save as disclosed below, none of the Directors and the chief executives of the Company had any interest or short position in the Shares, underlying Shares and debentures of the Company or any associated corporation (within the meaning of Part XV of the SFO) which were required to be notified to the Company and the Stock Exchange pursuant to the provisions of Divisions 7 and 8 of Part XV of the SFO (including interests and short positions which he was taken or deemed to have under such provisions of the SFO), or which were required, pursuant to section 352 of the SFO, to be entered in the register maintained by the Company referred to therein, or which were required, pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers in Appendix 10 to the Listing Rules, to be notified to the Company and the Stock Exchange were as follows:

Name of Director	Number of Shares held/ interested	Capacity/Nature	Position	Approximate percentage of issued share capital as at the Latest Practicable Date
Guo Jiang	130,209,771	Other (Note 1)	Long Position	14.47
	5,000,000	Other (Note 1)	Short Position	0.56
Guo Fansheng	57,749,015	Beneficial owner	Long Position	6.42
Lee Wee Ong	19,850,672	Beneficial owner (Note 2)	Long Position	2.21
Li Jianguang	32,000,384	Interest in controlled corporation (Note 3)	Long Position	3.56

Notes:

1. Such interest in the Company comprises:
 - (a) 66,724,771 Shares of which 5,150,625 Shares are held by Ms. Geng Yi, who is Mr. Guo Jiang's spouse;
 - (b) 8,351,000 underlying Shares derived from the awarded shares granted to Mr. Guo Jiang under the employees' share award scheme adopted on 17 November 2011;
 - (c) 15,134,000 underlying Shares derived from the share options granted under the Share Option Scheme adopted on 30 November 2003 of which 5,634,000 underlying Shares derived from the share options granted to Ms. Geng Yi under the Share Option Scheme; and
 - (d) 40,000,000 underlying Shares derived from the proposed subscription of 40,000,000 convertible bonds of the Company by Mr. Guo Jiang pursuant to a Subscription Agreement entered into between, among others, the Company, Mr. Guo Jiang, Mr. Lee Wee Ong and Mr. Liu Xiaodong.

Mr. Guo Jiang is deemed, or taken to have, interested in the shares and underlying shares held by Ms. Geng Yi pursuant to the SFO.
2. Such interests in the Company comprises: (i) 3,350,672 Shares, (ii) 1,500,000 underlying Shares derived from the share options granted under the Share Option Scheme and (iii) 15,000,000 underlying Shares derived from the proposed subscription of 15,000,000 convertible bonds of the Company by Mr. Lee Wee Ong pursuant to the Subscription Agreement.
3. The references to 32,000,384 shares of the Company relate to the same block of shares of the Company held by Callister Trading Limited, the entire share capital of which is owned by Mr. Li Jianguang. Accordingly, Mr. Li Jianguang is deemed, or taken to have, interested in the said 32,000,384 shares of the Company pursuant to the SFO.

(b) Interests of substantial Shareholders and other persons

As at the Latest Practicable Date, save as disclosed below, the Directors were not aware of any person (other than the Directors or chief executives of the Company) who had any interest or short position in the Shares or underlying Shares which would fall to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO as recorded in the register required to be kept by the Company pursuant to section 336 of the SFO, or who was, directly or indirectly,

interested in 10% or more of the nominal value of any class of share capital carrying rights to vote in all circumstances at general meetings of any member of the Group:

Name	Number of Shares held/ interested	Nature of interest	Position	Approximate percentage of issued share capital as at the Latest Practicable Date
Digital China Holdings Limited	166,029,107	Interest in controlled corporation (<i>Note 1</i>)	Long	18.45
Geng Yi	130,209,771	Beneficial owner and Family interest (<i>Note 2</i>)	Long	14.47
	5,000,000	Family interest (<i>Note 2</i>)	Short	0.56
Credit Suisse Group AG	53,096,255	Interest in controlled corporation	Long	5.90
	38,084,043	Interest in controlled corporation	Short	4.23
Liu Xiaodong	30,000,000	Beneficial owner (<i>Note 3</i>)	Long	3.33
	62,273,794	Interest in controlled corporation	Long	6.92

Notes:

- The references to 166,029,107 Shares comprises 142,621,107 Shares and 23,408,000 Shares held by Talent Gain Developments Limited and Unique Golden Limited, respectively. 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, Talent Gain Developments Limited, is deemed to be interested in the Shares held by Unique Golden Limited, and each of Digital China (BVI) Limited and Digital China Holdings Limited is deemed to be interested in the Shares held by Talent Gain Developments Limited and Unique Golden Limited.
- Ms. Geng Yi is the spouse of Mr. Guo Jiang. Ms. Geng Yi's interest in the Company comprises: (a) 130,209,771 Shares (long position) and 5,000,000 (short position) of which 61,574,146 Shares (long position) and 5,000,000 (short position) are held by Mr. Guo Jiang and 5,150,625 Shares are held by Ms. Geng Yi; (b) 8,351,000 underlying Shares derived from the awarded shares granted to Mr. Guo Jiang under the employees' share award scheme adopted on 17 November 2011; (c) 15,134,000 underlying Shares derived from the share options granted under the share option scheme adopted on 30 November 2003 of which 9,500,000 underlying Shares derived from the share options granted to Mr. Guo Jiang under the share option scheme, and 5,634,000 underlying Shares derived from the share options granted to Ms. Geng Yi. Ms. Geng is deemed, or taken to have, interested in the shares and underlying shares held by Mr. Guo Jiang pursuant to the SFO and (d) 40,000,000 underlying Shares derived from the proposed subscription of 40,000,000 convertible bonds of the Company by Mr. Guo Jiang pursuant to the Subscription Agreement.
- These 30,000,000 interest comprises 30,000,000 underlying Shares derived from the proposed subscription of 30,000,000 convertible bonds of the Company by Mr. Liu Xiaodong pursuant to the Subscription Agreement.

3. DIRECTORS' SERVICE CONTRACTS

As at the Latest Practicable Date, none of the Directors had any existing proposed service contract with any member of the Group which does not expire or is not determinable by such member of the Group within one year without payment of compensation (other than statutory compensation).

4. COMPETING INTERESTS

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

5. DIRECTORS' INTEREST IN ASSETS OR CONTRACTS AND OTHER INTERESTS

As at the Latest Practicable Date, (i) none of the Directors was materially interested, directly or indirectly, in any contract or arrangement entered into by any member of the Group subsisting at the Latest Practicable Date and which was significant in relation to the business of the Group; and (ii) none of the Directors had any direct or indirect interest in any assets which had been, since 31 December 2014 (being the date of which the latest published audited consolidated accounts of the Company were made up), acquired or disposed of by or leased to any member of the Group, or were proposed to be acquired or disposed of by or leased to any member of the Group.

6. MATERIAL CONTRACTS

The following contracts (not being contracts entered into in the ordinary course of business) were entered into by member(s) of the Group within the two years immediately preceding the date of this circular and are, or may be, material:

- (a) the sale and purchase agreement dated 18 December 2015 and entered into between the Company as the purchaser, Daxiong Holdings Limited, Hanson He Holdings Limited, Richard Chen Holdings Limited, Grand Novel Developments Limited and Mr Moustache Holdings Limited as the sellers and Mr. Cao Guoxiong, Mr. He Shunsheng, Mr. Chen Xuejun, Mr. Guan Jianzhong and Mr. Liao Bin as the seller guarantors, in relation to the sale and purchase of entire issued share capital of Zhongfu Holdings Limited for an aggregate consideration of HK\$170,807,500;
- (b) the Subscription Agreement;

- (c) the subscription agreement dated 7 December 2015 and entered into between the Company as the subscriber and Inner Mongolia Hohhot Jingu Rural Commercial Bank Limited Company (“**Hohhot Jingu**”), in relation to the subscription for 108,661,533 shares of Hohhot Jingu for a consideration of RMB325,984,599;
- (d) the placing agreement dated 12 November 2015 and entered into between the Company as the issuer, and Shenwan Hongyuan Securities (H.K.) Limited as the placing agent, in relation to the placing of up to 74,540,000 shares of the Company on a best effort basis pursuant to the terms of the placing agreement;
- (e) the sale and purchase agreement dated 22 July 2015 and entered into between 北京慧聰互聯信息技術有限公司 (HC Internet Information Technology Company Limited*), an indirect wholly-owned subsidiary of the Company, as the purchaser and 王鳳鳳 (Wang Feng Feng) as the vendor, for the sale and purchase of 19,300,000 shares of Hohhot Jingu for a consideration of RMB57,900,000;
- (f) the supplemental agreement dated 2 June 2015 and entered into between the Company and Mr. Liu Xiaodong (劉小東), Ms. Wang Qian (王倩), Mr. Shi Shilin (施世林) and Ms. Yang Ye (楊葉), pursuant to which Mr. Liu Xiaodong (劉小東), Ms. Wang Qian (王倩), Mr. Shi Shilin (施世林) and Ms. Yang Ye (楊葉) agreed to dispose all the consideration shares of the Company allotted and issued pursuant to a previous sale and purchase agreement dated 8 May 2015 within six months if certain approvals cannot be obtained by the Company;
- (g) the sale and purchase agreement dated 8 May 2015 and entered into between the Company as the purchaser, NAVI-IT LIMITED as the seller and Mr. Liu Xiaodong (劉小東), Ms. Wang Qian (王倩), Mr. Shi Shilin (施世林) and Ms. Yang Ye (楊葉) as the seller guarantors, in respect of the acquisitions of Orange Triangle Inc., and Beijing Zhixing Ruijing Technology Co., Ltd (北京知行 銳景 科技有限公司) for a consideration of RMB1,500,000,000;
- (h) the subscription agreement dated 20 November 2014 and entered into between the Company as the issuer, Credit Suisse (Hong Kong) Limited and China International Capital Corporation Hong Kong Securities Limited in relation to, among other things, the subscription and issue of the bonds with an initial aggregate principal amount of HK\$780,000,000 due 2019 to be issued by the Company pursuant to the subscription agreement;
- (i) the investment cooperation agreement dated 31 October 2014 and entered into between Hui De Holding Co., Ltd. (慧德控股有限公司) and Beijing Huicong International Information Co., Ltd (北京慧聰國際資訊有限公司), a wholly-owned subsidiary of the Group in relation to the establishment of Zhejiang Huicong Investment Co., Ltd. (浙江慧聰投資有限公司);

- (j) the share transfer agreement dated 30 September 2014 and entered into between 廈門鑫百益投資集團有限公司 (Xiamen Xinbaiyi Investment Group Co., Ltd.), 福建東騰投資有限公司 (Fujian Dongteng Investment Co., Ltd.), 福建省中紡大發貿易有限公司 (Fujian Province Zhongfang Dafa Trading Co., Ltd.) and 廈門泰綸絲化工材料有限公司 (Xiamen Tailunsi Chemical Materials Co., Ltd.) as the vendors, and 北京慧聰再創科技有限公司 (Beijing Huicong Zaichuang Technology Co., Ltd*) (“Beijing HC Technology”), an indirect wholly-owned subsidiary of the Company, 北京錦囊創業投資管理中心(有限合夥) (Beijing Jinnang Chuangye Investment Management Centre (Limited Partnership)), 馬偉 (Ma Wei) and 尤勝偉 (You Sheng Wei) as the purchasers, in relation to, among other things, the acquisition by Beijing HC Technology of 16,487,000 shares of 北京兆信信息技術股份有限公司 (PanPass Information Technology Co., Ltd.) in accordance with the terms of the acquisition agreement for an aggregate consideration of RMB108,814,200; and
- (k) the cornerstone investment agreement dated 2 July 2014 entered into amongst the Company, Hong Kong Huicong International Group Limited, Cogobuy Group, UBS AG, Hong Kong Branch and UBS Securities Hong Kong Limited in relation to the subscription of shares of Cogobuy Group.

7. LITIGATION

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

8. MATERIAL ADVERSE CHANGE

As at the Latest Practicable Date, save as the profit warning announcements dated 31 July 2015 and 16 October 2015, the Directors were not aware of any material adverse change in the financial or trading position of the Group since 31 December 2014 (being the date to which the latest published audited accounts of the Group were made up).

9. EXPERT AND CONSENT

The following is the qualification of the expert who has given opinions or advice contained in this circular:

Name	Qualification
Gram Capital Limited (“Gram Capital”)	a licensed corporation to carry out Type 6 (advising on corporate finance) regulated activity under the SFO

Gram Capital has given and has not withdrawn its written consent to the issue of this circular with the inclusion of its letter and/or report and the reference to its name in the form and context in which they appear.

As at the Latest Practicable Date, Gram Capital did not have any shareholding in any member of the Group and did not have any right, whether legally enforceable or not, to subscribe for or to nominate persons to subscribe for securities in any member of the Group.

As at the Latest Practicable Date, Gram Capital did not have any direct or indirect interest in any assets which have been, since 31 December 2014 (the date to which the latest published audited consolidated accounts of the Group were made up), acquired or disposed of by or leased to any member of the Group, or are proposed to be acquired or disposed of by or leased to any member of the Group.

10. MISCELLANEOUS

- (a) The company secretary of the Company is Ms. KWONG Yin Ping Yvonne, who is a Fellow of the Hong Kong Institute of Chartered Secretaries and a Fellow of The Institute of Chartered Secretaries and Administrators.
- (b) The registered office of the Company is situated at 4th Floor, One Capital Place, P.O. Box 847 George Town, Grand Cayman, Cayman Islands and the principal place of business of the Company in Hong Kong is situated at 18/F, Tesbury Centre, 28 Queen's Road East, Wanchai, Hong Kong.
- (c) The Hong Kong branch share registrar and transfer office of the Company is Computershare Hong Kong Investor Services Limited at Room 1712-1716, 17th Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong.
- (d) The English text of this circular shall prevail over the Chinese text in the event of inconsistency.

11. DOCUMENTS AVAILABLE FOR INSPECTION

Copies of the following documents will be available for inspection during normal business hours at the principal place of business of the Company in Hong Kong at 18/F, Tesbury Centre, 28 Queen's Road East, Wanchai, Hong Kong during normal business hours on any weekday (except public holidays) from the date of this circular up and including the date of the EGM:

- (i) the memorandum of association and articles of association of the Company;
- (ii) the material contracts referred to under the paragraph headed "Material Contracts" above in this appendix;
- (iii) the annual reports of the Company for the years ended 31 December 2014 and 2013;
- (iv) the written consent referred to in the section headed "Expert and Consent" in this appendix;
- (v) the letter of recommendation from the Independent Board Committee, the text of which is set out on pages 19 to 20 of this circular;

- (vi) the letter of advice from Gram Capital, the text of which is set out on pages 21 to 34 of this circular;
- (vii) this circular; and
- (viii) a copy of each circular issued pursuant to the requirements set out in Chapter 14 and/or 14A of the Listing Rules which has been issued since 31 December 2014 (being the date of which the latest published audited consolidated accounts of the Group were made up).



20 years, young HC!

HC INTERNATIONAL, INC.

慧聪网有限公司*

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 2280)

NOTICE OF EXTRAORDINARY GENERAL MEETING

NOTICE IS HEREBY GIVEN that an extraordinary general meeting (“**Meeting**”) of HC International, Inc. (“**Company**”) will be held on Monday, 1 February 2016 at 4:00 p.m. at Tower B, Jingyi Technical Building, No. 9 Dazhongsi East Road, Haidian District, Beijing 100098, the People’s Republic of China, for the purpose of considering and, if thought fit, passing the following ordinary resolutions:

ORDINARY RESOLUTIONS

(1) “**THAT:**

- (a) the subscription agreement dated 9 December 2015 (the “**Subscription Agreement**”, a copy of which is marked “A” and initiated by the chairman of the Meeting for identification purpose and tabled at the Meeting) entered into between the Company and Mr. Guo Jiang (“**Subscriber 1**”), Mr. Lee Wee Ong (“**Subscriber 2**”), Mr. Liu Jun (“**Subscriber 3**”), and Mr. Liu Xiaodong (“**Subscriber 4**”, together with Subscriber 1, Subscriber 2 and Subscriber 3 collectively as the “**Subscribers**”), in respect of the subscription (the “**Subscription**”) for the convertible bonds (the “**Convertible Bonds**”) of an aggregate principal amount of HK\$500,000,000 to be issued by the Company, and the transactions contemplated thereunder be and are hereby approved, ratified and confirmed;
- (b) the creation and issue by the Company of the Convertible Bonds of an aggregate principal amount of HK\$500,000,000 to the Subscribers in accordance with the terms and conditions as set out in the Subscription Agreement and the instrument constituting the Convertible Bonds be and are hereby approved, ratified and confirmed;
- (c) the directors of the Company be and are hereby granted a specific mandate to exercise powers of the Company to allot and issue such number of shares of the Company as may be required to be allotted and issued upon exercise of the conversion rights attaching to the Convertible Bonds (the “**Conversion Shares**”); and

* for identification purposes only

NOTICE OF EGM

- (d) any one director of the Company or, if the affixation of the common seal of the Company is necessary, in accordance with the articles of association of the Company, be and is hereby authorised for and on behalf of the Company to approve and execute all documents, instruments and agreements and to do all such acts or things deemed by him to be incidental to, ancillary to or in connection with the matters contemplated in or relating to the Subscription, the issue of the Convertible Bonds, the issue of the Conversion Shares and transactions contemplated thereunder and completion thereof as he may consider necessary, desirable or expedient."

By order of the board of directors of
HC International, Inc.
Guo Jiang
Chief Executive Officer and Executive Director

Beijing, the People's Republic of China, 12 January 2016

Registered office:
4th Floor
One Capital Place
P.O. Box 847
George Town
Grand Cayman
Cayman Islands

Head Office and Principal Place of Business:
Tower B
Jingyi Technical Building
No. 9 Dazhongsi East Road
Haidian District
Beijing 100098
The People's Republic of China

Notes:

1. Any person as his proxy to attend and vote instead of him. A member who is the holder of two or more shares may appoint more than one proxy to represent him and vote on his behalf at the Meeting. A proxy need not be a member of the Company. On a poll, votes may be given either personally or by proxy.
2. The instrument appointing a proxy shall be in writing under the hand of the appointor or of his attorney duly authorized in writing or, if the appointor is a corporation, either under its seal or under the hand of an officer, attorney or other person authorized to sign the same.
3. To be valid, the instrument appointing a proxy and (if required by the Board) the power of attorney or other authority (if any) under which it is signed, or a notarially certified copy of such power or authority, shall be delivered to the office of the Hong Kong branch share registrar of the Company, Computershare Hong Kong Investor Services Limited at 17M Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong not less than 48 hours before the time appointed for holding the Meeting or any adjournment thereof.

NOTICE OF EGM

4. No instrument appointing a proxy shall be valid after expiration of 12 months from the date named in it as the date of its execution, except at an adjourned meeting or on a poll demanded at the Meeting or any adjournment thereof in cases where the Meeting was originally held within 12 months from such date.
5. Where there are joint holders of any shares, any one of such joint holders may vote at the Meeting, either in person or by proxy, in respect of such share as if he/she were solely entitled thereto, but if more than one of such joint holders be present at the Meeting, the vote of the senior who tenders a vote, whether in person or by proxy, shall be accepted to the exclusion of the votes of the other joint holders, and for this purpose, seniority shall be determined by the order in which the names stand in the Register of Members of the Company in respect of the joint holding.
6. Completion and delivery of an instrument appointing a proxy shall not preclude a member from attending and voting in person at the Meeting if the member so wish and in such event, the instrument appointing a proxy should be deemed to be revoked.
7. Shareholders should note that the transfer books and register of members of the Company will be closed from 28 January 2016 to 1 February 2016, both days inclusive, and no transfer of Shares can be registered during such period. In order to qualify for attending the Meeting, all transfer documents, accompanied by the relevant share certificates, must be lodged with the office of the Hong Kong branch share registrar and transfer office of the Company, Computershare Hong Kong Investor Services Limited, at Room 1712-1716, 17th Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong for registration no later than 4:30 p.m. on 27 January 2016.