

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

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

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



*20 years, young HC!*

**HC INTERNATIONAL, INC.**

**慧聰網有限公司\***

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

**(Stock code: 8292)**

**MANDATE FOR POSSIBLE MAJOR TRANSACTION**

A notice convening the extraordinary general meeting of the Company 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, 4 February 2013, at 4:00 p.m. (the "EGM") is set out on pages 23 to 24 of this circular.

Whether or not you intend to attend the EGM or any adjournment thereof in person, you are requested to complete the accompanying form of proxy in accordance with the instructions printed thereon and return the same to the Company's branch share registrar and transfer office in Hong Kong, Computershare Hong Kong Investor Services Limited of 17M 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 the holding of the EGM or any adjournment thereof (as the case may be). Completion and return of the form of proxy will not preclude you from attending and voting in person at the EGM or any adjournment thereof if you so wish.

*This circular will remain on the website of the Growth Enterprise Market of The Stock Exchange of Hong Kong Limited at [www.hkgem.com](http://www.hkgem.com) on the "Latest Company Announcements" page for at least 7 days from the date of its posting.*

## CHARACTERISTICS OF GEM

GEM has been positioned as a market designed to accommodate companies to which a higher investment risk may be attached than other companies listed on the Stock Exchange. Prospective investors should be aware of the potential risks of investing in such companies and should make the decision to invest only after due and careful consideration. The greater risk profile and other characteristics of GEM mean that it is a market more suited to professional and other sophisticated investors.

Given the emerging nature of companies listed on GEM, there is a risk that securities traded on GEM may be more susceptible to high market volatility than securities traded on the Main Board of the Stock Exchange and no assurance is given that there will be a liquid market in the securities traded on GEM.

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## DEFINITIONS

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

“associate(s)”	has the meaning ascribed to it under the GEM Listing Rules
“Board”	the board of Directors
“Bureau”	The Land Construction and Water Conservancy Bureau of Shunde, Foshan (佛山市順德區國土城建和水利局)
“Ceiling”	RMB355,000,000, being the maximum amount the Subsidiary is willing to bid at the Tender for the acquisition of the land use rights of the Land
“Company”	HC International, Inc., a company incorporated in the Cayman Islands with limited liability and the shares of which are listed on the GEM
“Director(s)”	director(s) of the Company
“EGM”	the extraordinary general meeting of the Company to be convened and held on 4 February 2013 to consider, and if thought fit, to approve the Possible Acquisition and to grant to the Directors the Proposed Mandate
“GEM”	Growth Enterprise Market of the Stock Exchange
“GEM Listing Rules”	the Rules Governing the Listing of Securities on GEM
“Group”	the Company and its subsidiaries
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong
“Hong Kong”	the Hong Kong Special Administrative Region of the People’s Republic of China
“Independent Third Party(ies)”	persons or companies which are independent of and not connected with any of the directors, chief executives and substantial shareholders of the Company or any of its subsidiaries and their respective associates

## DEFINITIONS

“Land”	a land with a planned land area of 43,964.82 square meters and located at No.8, East of State Road 105, Beijiao Town, Shunde, Foshan, Guangdong Province (廣東省佛山市順德北滘鎮105國道東側8號) of the PRC
“Latest Practicable Date”	15 January 2013, being the latest practicable date prior to the printing of this circular for ascertaining certain information contained herein
“Planning Conditions”	the Construction Land Planning Conditions (建設用地規劃條件) for the Land promulgated by the Bureau
“Possible Acquisition”	the possible acquisition of the land use rights of the Land by the Subsidiary if it is successful at the Tender
“PRC”	the People’s Republic of China excluding, for the purpose of this circular only, Hong Kong, the Macau Special Administrative Region of the People’s Republic of China and Taiwan
“Proposed Mandate”	the authorities proposed to be granted to the Directors in advance by the Shareholders at the EGM for the Subsidiary to engage in the Possible Acquisition
“RMB”	Renminbi, the lawful currency of the PRC
“Share(s)”	ordinary share(s) of HK\$0.1 each of the Company
“Shareholder(s)”	holder(s) of Share(s)
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Subsidiary”	Guangdong Huicong Household Appliances City Investment Co., Ltd.* (廣東慧聰家電城投資有限公司), a limited liability company established under the laws of the PRC, and an indirectly non-wholly owned subsidiary of the Company whose equity interest was owned as to 59% by Tianjin HC, as to 16.5% by Foshan Shunde Bo Shi Investment Co., Ltd.* (佛山市順德區博時投資有限公司) and as to 24.5% by Foshan Shunde Cheng Shun Assets Management Co., Ltd.* (佛山市順德區誠順資產管理有限公司) as at the Latest Practicable Date
“Tender”	the public tender for the sale of the land use rights of the Land

## DEFINITIONS

“Tianjin HC”	Huicong (Tianjin) E-Commerce Industry Investment Co., Ltd.* (慧聰(天津)電子商務產業投資有限公司), a limited liability company incorporated under the laws of the PRC and an indirectly non-wholly owned subsidiary of the Company
“Transfer Contract”	transfer contract for land use rights of state-owned land (國有土地使用權出讓合同書) for the Land to be entered into by the Subsidiary and the Bureau if the Subsidiary is successful at the Tender
“%”	per cent.

\* *In this circular, the English names of certain PRC entities are translation of their Chinese names, and are included herein for identification purpose only. In the event of any inconsistency, the Chinese names shall prevail.*

## LETTER FROM THE BOARD



20 years, young HC!

### HC INTERNATIONAL, INC.

慧聪网有限公司\*

(incorporated in the Cayman Islands with limited liability)

(Stock code: 8292)

*Executive Directors:*

Guo Fansheng (Chairman)

Guo Jiang (Chief Executive Officer)

Lee Wee Ong (Chief Financial Officer)

*Non-executive Directors:*

Li Jianguang

Guo Wei

*Independent Non-executive Directors:*

Zhang Ke

Xiang Bing

Zhang Tim Tianwei

*Registered Office:*

4th Floor

One Capital Place

P.O. Box 847

George Town

Grand Cayman

Cayman Islands

British West Indies

*Head Office and Principal*

*Place of Business:*

Tower B

Jingyi Technical Building

No.9 Dazhongsi East Road

Haidian District

Beijing

The People's Republic of China

18 January 2013

*To the Shareholders*

Dear Sirs or Madams,

### MANDATE FOR POSSIBLE MAJOR TRANSACTION

#### INTRODUCTION

Reference is made to the announcement of the Company dated 7 January 2013 in relation to, among other things, the mandate for possible major transaction.

The purposes of this circular are to provide you with, among other things, (i) further information on the Possible Acquisition; (ii) the valuation report on the Land; (iii) a notice of the EGM to be convened and held to consider and, if thought fit, to approve the Possible Acquisition and to grant the Directors the Proposed Mandate; and (iv) other information required under the GEM Listing Rules.

\* For identification purpose only

## LETTER FROM THE BOARD

### POSSIBLE MAJOR TRANSACTION

The Board would like to seek Shareholders' authorisation for the Subsidiary, an indirectly non-wholly owned subsidiary of the Company, to bid at the Tender for the land use rights of the Land.

The Subsidiary proposes to participate at the Tender for the Land, which is expected to be held by the Bureau in accordance with national laws and regulations as open tender for sale of the Land from 26 January 2013 to 5 February 2013 (at 10:00 a.m.). Live auction will be held to determine the winner of the Tender on 5 February 2013 if any bidder is willing to continue the bidding.

To the best of the Directors' knowledge, information and belief having made all reasonable enquiries, the Bureau and its ultimate beneficial owners are Independent Third Parties.

### Information of the Land

The Land comprises an area of 43,964.82 square meters and is located at the east of State Road 105, Beijiao Town, Shunde, Foshan, Guangdong Province (廣東省佛山市順德北滘鎮105國道東側) of the PRC. It is currently vacant.

The Land is purported to be used for commercial service facilities, on which comprehensive and holistic development focusing on business exhibition shall take place. Pursuant to the Planning Conditions, the Land shall have a plot ratio of not more than 3.8, and the total floor area of the Land shall be not more than 167,066.31 square meters. Building density of the Land shall be not more than 45%. The term of the land use rights of the Land shall be 40 years.

Pursuant to the notice of the Tender, construction shall commence within 11 months after delivery of the Land ("Delivery"), and shall complete within 30 months thereafter. Investment on fixed assets on the Land (including the consideration for the Land, buildings and facilities thereon) of not less than RMB800,000,000 shall be made within 45 months after Delivery. In addition, at least two household electrical appliances fairs shall be held every year starting 41 months after Delivery, and not less than 500 household electrical appliance enterprises (including enterprise who designs, manufactures, and trades household electrical appliances and ancillary products, and engages in related e-commerce services) shall station on the Land within 4 years from Delivery.

Pursuant to the notice of the Tender, no more than 50% of the total floor area of the Land can be sold or transferred within 7 years after Delivery. An additional 30% of the total floor area of the Land can be sold starting the 8th year from Delivery. The entire area is freely transferable starting the 17th year from Delivery.



## LETTER FROM THE BOARD

### **Ceiling for the Bid**

The starting price of the Tender is RMB334,480,000. Bidder(s) will be required to pay earnest money of RMB66,890,000 at or before 9:00 a.m. on 5 February 2013. The Ceiling for the Possible Acquisition which the Subsidiary is prepared to bid at the Tender is RMB355,000,000.

Shareholders should note that the final bid price for the Land to be submitted by the Subsidiary will depend on, among other things, the Group's view on the property market and its prospects on the date of the Tender as well as the bid prices submitted by competitors at the Tender, but will in any event not exceed the Ceiling.

It is currently expected that the Subsidiary will finance the payment for the Possible Acquisition by its internal resources and loans from the shareholders of the Subsidiary.

If the Subsidiary wins the Tender, the Subsidiary will enter into the Transfer Contract with the Bureau. All consideration for the Land shall be paid within 30 natural days upon closing of the transaction whereupon the Land will be delivered.

The Directors consider that the Ceiling is fair and reasonable having taken into account the location and potential value of the Land and the preliminary valuation of the Land of RMB356,000,000 as at 31 December 2012 as assessed by an independent property valuer appointed by the Company. Full text of the valuation report of the Land is set out in Appendix II to this circular.

### **REASONS FOR AND BENEFITS OF THE POSSIBLE ACQUISITION**

The Group is one of the leading e-commerce operators in the PRC. The Group aims at providing business information through different means to facilitate buyers and sellers in the commercial world to disseminate and/or obtain such information to assist them in locating and matching their counterparties and to make business decisions. Currently, the Group provides business information through three main types of communication channels: (i) industry portals, (ii) trade catalogues and yellow page directories, and (iii) search engine services.

The Subsidiary is an indirectly non-wholly owned subsidiary of the Company principally engaged in the construction, development and operation of household electrical appliances exhibition centre in Shunde, Beijiao, Foshan, the PRC.

The Subsidiary intends to acquire and use the Land to build a B2B household electrical appliances business exhibition centre, through the operation of which provides vertical in-depth services and one-stop solution for B2B buyers and sellers. The Company considers that the construction and operation of such business exhibition centre will promote synergy among the online and offline products and services of the Group, and will assist in laying the foundation for the Group's development.

In light of the above, the Directors consider that the Possible Acquisition is in the interests of the Company and the Shareholders as a whole and the terms thereof are fair and reasonable.

## LETTER FROM THE BOARD

### FINANCIAL EFFECTS OF THE POSSIBLE ACQUISITION

Upon completion of the acquisition of the Land should the Subsidiary's bid be successful, the Group's non-current assets will increase, current assets will decrease and non-current liabilities will increase, assuming that the acquisition of the Land is financed partly by cash and bank balances and partly by a long-term shareholders' loan. The Possible Acquisition, if materialised, will have no effect on the net asset value of the Group.

It is expected that the construction of the exhibition centre will result in an increase in the Group's non-current assets, while bringing positive return to the revenue and profit of the Group upon completion of construction of the exhibition centre via the operation of the exhibition centre.

### LISTING RULES IMPLICATIONS

The Possible Acquisition, if materialised, will constitute a major transaction for the Company and subject to, among other things, the approval by the Shareholders under Chapter 19 of the GEM Listing Rules.

If the Subsidiary's bidding for the Land is successful, the Subsidiary will become unconditionally obliged to purchase the Land and would not be able at the time to seek the approval of Shareholders that is required under Chapter 19 of the GEM Listing Rules. Accordingly, the Directors are seeking the Shareholders' advanced approval for the Possible Acquisition and the grant of the Proposed Mandate.

### EGM

The notice convening the EGM to be held at Tower B, Jingyi Technical Building, No.9 Dazhongsi East Road, Haidian District, Beijing, the PRC (100098) on 4 February 2013 at 4:00 p.m. is set out on pages 23 to 24 of this circular.

Pursuant to Rule 17.47(4) of the GEM Listing Rules, any vote of the Shareholders at the EGM must be taken by poll. To the best of the Directors' knowledge, information and belief, no Shareholder is required to abstain from voting on the resolution to approve the Possible Acquisition and the grant of the Proposed Mandate at the EGM.

Whether or not you intend to attend the EGM or any adjournment thereof in person, you are requested to complete the accompanying form of proxy in accordance with the instructions printed thereon and return the same to the Company's branch share registrar and transfer office in Hong Kong, Computershare Hong Kong Investor Services Limited of 17M Floor, Hopewell Centre, 183 Queen's Road East, Wan Chai, Hong Kong as soon as possible but in any event not less than 48 hours before the time appointed for the holding of the EGM or any adjournment thereof (as the case may be). Completion and return of the form of proxy will not preclude you from attending and voting in person at the EGM or any adjournment thereof if you so wish.

**As the Possible Acquisition may or may not proceed, Shareholders and potential investors should exercise caution when dealing in the Shares.**

<b>LETTER FROM THE BOARD</b>
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**RECOMMENDATIONS**

The Board believes that the terms of the Possible Acquisition are fair and reasonable and in the best interests of the Company and the Shareholders as a whole. Accordingly, the Board recommends the Shareholders to vote in favour of the resolution in relation to the Possible Acquisition and the grant of the Proposed Mandate to be proposed at the EGM.

**ADDITIONAL INFORMATION**

Your attention is also drawn to the additional information contained in the appendices to this circular.

Yours faithfully,  
By order of the Board  
**HC International, Inc.**  
**Guo Jiang**  
*Chief Executive Officer and Executive Director*

**FINANCIAL INFORMATION OF THE GROUP**

Financial information of the Group for each of the three years ended 31 December 2009, 2010 and 2011 are disclosed in the annual reports of the Company for the years ended 31 December 2009, 31 December 2010 and 31 December 2011 respectively, which are published on both the website of GEM (*www.hkgem.com*) and the website of the Company.

**WORKING CAPITAL**

The Directors, after due and careful consideration, are of the opinion that, taking into account the Possible Acquisition and in the absence of unforeseen circumstances, the Group will have sufficient working capital for its present requirements, that is for at least the next 12 months from the date of this circular.

**INDEBTEDNESS**

As at the close of business on 30 November 2012, being the latest practicable date for the purpose of the indebtedness statement prior to the printing of this circular, the Group had outstanding finance lease obligation of RMB4,259,000, secured by the Group's property, plant and equipment.

Save as otherwise disclosed above, and apart from intra-group liabilities and normal trade payables in the normal course of business, the Group did not have any debt securities, issued and outstanding or agreed to be issued, bank overdrafts, loans or other similar indebtedness, liabilities under acceptance (other than normal trade bills) or acceptance credits, debentures, mortgages, charges, hire purchase commitments, guarantees or other material contingent liabilities as at the said latest practicable date.

**MATERIAL ADVERSE CHANGE**

As at the Latest Practicable Date, the Directors were not aware of any material adverse change in the financial or trading position of the Group since 31 December 2011, being the date to which the latest published audited consolidated financial statements of the Group were made up.

**FINANCIAL AND TRADING PROSPECT OF THE GROUP**

The Group is one of the leading e-commerce operators in the PRC. The Group aims at providing business information through different means to facilitate buyers and sellers in the commercial world to disseminate and/or obtain such information to assist them in locating and matching their counterparties and to make business decisions. Currently, the Group provides business information through three main types of communication channels: (i) industry portals, (ii) trade catalogues and yellow page directories, and (iii) search engine services.

There is no change in the Group's principal activities since 31 December 2011, being the date on which the latest published audited consolidated financial statements of the Group were made up.

Since the listing of the Shares on GEM in 2003, the Group has transformed itself from a traditional media firm to a B2B internet enterprise, and has been actively exploring its most appropriate development path through transitions. Especially during these two years, the Group has been realising its key competitive strengths, core resources and values, and on this basis, the Group has developed a right direction for the business of the Group. The Group's in-depth understanding of customers' needs, the market, the products and services, and business operations are the key factors for the Group's future success.

For 2013, the Group will adhere to its existing strategy with B2B e-commerce as its core business, while will also further promote the online-to-offline (and vice versa) in the hosting of B2B communities, which the Group has been steadfastly involved since establishment. The Board considers that the Possible Acquisition and subsequent operation of B2B household electrical appliance business exhibition centre will provide an opportunity to promote synergy among the online and offline products and services of the Group and will assist in realising the Group's plan for further development.

*The following is the text of a letter and valuation certificate prepared for the purpose of incorporation in this circular received from Vigers Appraisal and Consulting Limited, an independent professional valuer, in connection with the valuation of the property as at 31 December 2012.*

## Vigers Appraisal and Consulting Limited

*International Property Consultants*

10/F, The Grande Building, 398 Kwun Tong Road, Kowloon, Hong Kong

Tel: (852) 2342-2000 Fax: (852) 3101-9041 E-mail: [gp@vigers.com](mailto:gp@vigers.com)

[www.Vigers.com](http://www.Vigers.com)



18 January 2013

HC International, Inc.

2/F, Block B Jingyi Technology Building,

No. 9 Dazhongsi East Road,

Haidian District,

Beijing

The People's Republic of China

Dear Sirs,

In accordance with your instruction for us to value the property (i.e. "Lot No. 8, East of 105 State Road, Beijiao, Shunde District, Foshan, Guangdong Province, the People's Republic of China") intended to be acquired by an indirectly non-wholly owned subsidiary of "HC International, Inc." (referred to as "the Company", together with its subsidiaries, "the Group"), we confirm that we have inspected the property, made relevant enquiries and investigations as well as obtained such further information as we consider necessary for the purpose of providing our opinion of value of the property as at 31 December 2012 (the "Valuation Date").

### **Basis of Valuation**

Our valuation is our opinion of market value of the property which is defined as intended to mean "the estimated amount for which an asset or liability should exchange on the valuation date between a willing buyer and a willing seller in an arm's length transaction after proper marketing and where the parties had each acted knowledgeably, prudently and without compulsion". Our valuation has been prepared in accordance with "The HKIS Valuation Standards (2012 Edition)" published by The Hong Kong Institute of Surveyors, the relevant provisions in the Companies Ordinance and the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (GEM Board).

### **Valuation Method**

In the course of our valuation, we have adopted direct comparison method of valuation whereby comparisons based on actual sales of comparable properties have been made. Comparable properties with similar character, location and so on are analyzed and carefully weighed against all respective advantages and disadvantages of the property in order to arrive at a fair comparison of value.

**Title Investigation**

The property is located in the People's Republic of China (the "PRC"), and we have been given extracted copies of relevant documents for the property but we have not checked the titles to the property nor scrutinized the original title documents. We have relied on the advice given by the Company and its legal advisors King & Wood Mallesons (hereinafter referred to as the "PRC Legal Advisors") on the laws of the PRC regarding titles to the property. For the purpose of our valuation, we have taken the legal opinion prepared by the PRC Legal Advisors into account. While we have exercised our professional judgment in arriving at our valuation, you are urged to consider our valuation assumptions with caution.

**Valuation Assumptions**

Our valuation has been made on the assumption that the property can be sold in the prevailing market in existing state on a vacant possession basis without the effect of any deferred term contract, leaseback, joint venture, management agreement or any other similar arrangement which may serve to affect the value of the property, unless otherwise noted or specified. In addition, no account has been taken into of any option or right of pre-emption concerning or affecting the sale of the property.

In our valuation, we have assumed that the owners of the property has free and uninterrupted rights to use and assign the property during the whole of the unexpired land-use rights' term to be granted subject to the payment of usual land-use fee.

No soil investigation has been carried out to determine the suitability of ground conditions or services for any property development to be erected on the property. Our valuation has been carried out on the assumption that these aspects are satisfactory. We have also assumed that all necessary consents, approvals and licences from relevant government authorities have been or will be granted without onerous conditions or delay.

No allowance has been made in our valuation for any charges, mortgages or amounts owing on the property, nor any expenses or taxation which may be incurred in effecting a sale. Unless otherwise stated, we have assumed that the property is free from any encumbrances, restrictions and outgoings of an onerous nature which may serve to affect the value of the property.

We have not carried out on-site measurement to verify the correctness of the site and floor areas in respect of the property but we have assumed that the site and floor areas shown on the documents handed to us are correct.

**Valuation Consideration**

We have inspected the property included in the attached valuation certificate. During the course of our inspection, we did not note any serious defect. However, no structural survey nor test on any services has been made; and we are therefore unable to report as to whether the property is free from rot, infestation or other structural or non-structural defect.

Having examined all relevant documents, we have relied to a considerable extent on the information given by the Company, particularly planning approvals or statutory notices, easements, land-use rights, site areas, floor areas, occupancy status and in the identification of the property.

Unless otherwise stated, all dimensions, measurements and areas included in the valuation certificate are based on the information contained in the documents provided to us by the Company and are therefore approximations. We have had no reason to doubt the truth and accuracy of the information made available to us and we have been advised by the Company that no material facts have been omitted from the information so given.

#### Remarks

We declare hereby that we are independent to the Company; and we are not interested directly or indirectly in any share in any member of the Company. We do not have any right or option whether legally enforceable or not to subscribe for or to nominate persons to subscribe for any share in any member of the Company.

Unless otherwise stated, all monetary amounts stated herein are denoted in the currency of Renminbi ("RMB"), the lawful currency of the PRC.

We enclose herewith our Valuation Certificate.

Yours faithfully,  
For and on behalf of

**VIGERS APPRAISAL AND CONSULTING LIMITED**

**David W. I. Cheung**

*MRICS MHKIS RPS(GP) CREA  
Executive Director*

**Franky C. H. Wong**

*MSc(RealEst) MCIM MRICS MHKIS RPS(GP)  
Assistant Director*

*Note:* Mr. David W. I. Cheung is a Registered Professional Surveyor in General Practice Division with over 29 years' valuation experience on property in various regions including Hong Kong, Macao, the PRC, Japan, the United Kingdom, Canada and the United States of America, who has been vetted on the list of property valuers for undertaking valuations for incorporation or reference in listing particulars and circulars and valuations in connection with takeovers and mergers published by The Hong Kong Institute of Surveyors, and is suitably qualified for undertaking valuations relating to listing exercises. Mr. Cheung has over 6-year of experience with Vigers Appraisal and Consulting Limited.

Mr. Franky C. H. Wong is a Registered Professional Surveyor in General Practice Division with over 11 years' valuation experience on property in various regions including Hong Kong, Macao, the PRC, Japan, the United Kingdom and the United States of America. Mr. Wong has over 6-year of experience with Vigers Appraisal and Consulting Limited.



## VALUATION CERTIFICATE

## Property to be acquired for future development purpose

Property	General Description	Occupancy Status	Market Value as at the Valuation Date
Lot No. 8, East of 105 State Road, Beijiao, Shunde District, Foshan, Guangdong Province, the PRC	<p>The property comprises a parcel of land for commercial and services uses.</p> <p>The property has a site area of approximately 43,964.82 square metres and a planned gross floor area of approximately 167,066.31 metres.</p> <p>The property is expected to be held under granted land-use rights for 40 years upon successful bidding by way of listing.</p>	Upon our inspection, the property was being occupied as temporary open carpark and was pending for future development.	RMB356,000,000

## Notes

- Pursuant to Foshan City Shunde District Construction Land-use Planning Conditions, the property will be subject to the following salient planning and development conditions:
 

User	:	Commercial and service use
Site Area	:	43,964.82 square metres
Site Coverage	:	Not more than 45%
Plot Ratio	:	Not more than 3.8
Building Height	:	Not higher than 110 metres
Greenary Ratio	:	Not less than 25%
- The notice of a public tender for the sale of the land-use rights of the property as expected to be held in 2013 (the "Tender") has stipulated building covenants and time limits for completion of the proposed development to be erected on the property. The Tender states that construction shall commence within 11 months after delivery of the land-use rights of the property (the "Delivery"), and shall complete within 30 months thereafter.
- The property is intended to be acquired by the Group; and the Group's preliminary estimated development cost, including preliminaries, construction cost and associated project management fee but excluding land acquisition cost, is about RMB624,834,700 as of the Valuation Date. Meanwhile, the Tender has stipulated that investment on fixed assets on the property (including the consideration for the land-use rights, buildings and facilities thereon) of not less than RMB800,000,000 shall be made within 45 months after Delivery. In addition, at least two household electrical appliances fairs shall be held every year starting 41 months after the Delivery, and not less than 500 household electrical appliance enterprises (including enterprise who designs, manufactures, and trades household electrical appliances and ancillary products, and engages in related e-commerce services) shall station on the land of the property within 4 years from the Delivery.
- The property is situated in a residential area comprising mass residential estates and low to medium-rise residential and commercial composite buildings. The average selling price of nearby retail shops in shopping arcade vary from about RMB25,000 to RMB30,000 per square metre on gross floor area basis; and the buyers are mainly from local population.
- As advised by the Company, the property will be sold by the government authority on a vacant site basis with connection to necessary utility services; and there is no encumbrances, liens, pledges, mortgages being registered against the property; nor breach of environmental regulations, investigations, notices, pending litigation, breaches of law or title defects.

6. Inspection to the property was carried out by Mr. Jeff M. C. Liu BSc (Hons) on 21 November 2012. During the course of our inspection, the property was being occupied as temporary open carpark and was pending for development. Neither structural survey nor test on any building services was made.
7. The PRC Legal Advisors have stated in their legal opinion, including but not limited to the following:
  - (1) Upon successful bidding of the property, the Company shall sign-off State-owned Land-use Rights Grant Contract with the government authority according to the laws of the PRC.
  - (2) Upon settling the land-use rights grant premium in full and fulfill other terms and conditions as stated in State-owned Land-use Rights Grant Contract, the Company will have the rights to obtain the Certificate of State-owned Land-use.
  - (3) Upon settling the land-use rights grant premium in full and obtaining Certificate of State-owned Land-use, the land-use rights of the property can be transferred, leased out, mortgaged according to the laws of the PRC; but the first transferral of the remaining land-use rights term shall comply with the terms and conditions as stated in State-owned Land-use Rights Grant Contract on such matters as building covenants, minimum investment amount and other requirements as well as restrictions thereof.

## 1. RESPONSIBILITY STATEMENT

This circular, for which the Directors collectively and individually accept full responsibility, includes particulars given in compliance with the GEM 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. DIRECTORS' AND CHIEF EXECUTIVE'S INTERESTS IN SHARES

As at the Latest Practicable Date, the interests and short positions of the Directors and the chief executives in the shares, underlying shares and debentures of the Company or any of its associated corporations (within the meaning of Part XV of the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong) (the "SFO")) which were notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests or short positions which they are taken or deemed to have under such provisions of the SFO) or required to be entered in the register maintained by the Company pursuant to Section 352 of the SFO or which were notified to the Company and the Stock Exchange pursuant to the required standard of dealings by the Directors as referred to in Rules 5.46 to 5.67 of the GEM Listing Rules, were as follows:

### (a) Directors' long positions in the shares of the Company

Name of Director	Capacity	Personal interests	Family interests	Corporate interests	Other interests	Total number of shares	Percentage of shareholding
Guo Jiang	Beneficial owner/ Family interest	77,765,146 (Note 1)	10,784,625 (Note 1)	-	-	88,549,771 (Note 1)	15.75%
Guo Fansheng	Beneficial owner	57,749,015	-	-	-	57,749,015	10.27%
Li Jianguang	Interest in controlled corporation	-	-	32,000,384 (Note 2)	-	32,000,384 (Note 2)	5.69%
Lee Wee Ong	Beneficial owner	3,100,672 (Note 3)	-	-	-	3,100,672 (Note 3)	0.55%

Notes:

1. Such interest in the Company comprises:

- (a) 54,915,771 Shares of which 4,850,625 Shares are held by Ms. Geng Yi, who is Mr. Guo Jiang's spouse;

- (b) 16,700,000 underlying shares derived from the awarded Shares granted to Mr. Guo Jiang under the employees' share award scheme adopted on 17 November 2011; and
- (c) 16,934,000 underlying shares derived from the share options granted under the share option scheme adopted on 30 November 2003 of which 5,934,000 underlying shares derived from the share options granted to Ms. Geng Yi under the share option scheme.

Mr. Guo is deemed, or taken to have, interested in the shares and underlying shares held by Ms. Geng Yi pursuant to the SFO.

- 2. The references to 32,000,384 Shares relate to the same block of Shares 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 pursuant to the SFO.
- 3. Such interests in the Company comprises 100,672 Shares and 3,000,000 underlying shares derived from the awarded share granted to Mr. Lee Wee Ong under the employees' share award scheme of the Company adopted on 17 November 2011.

Save as disclosed above, as at the Latest Practicable Date, none of the Directors, chief executives of the Company or the chairman or their respective associates of the Company had registered an interest or short position in the shares, underlying shares and debentures of the Company and its associated corporations (within the meaning of Part XV of the SFO) which will have to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests or short positions which they are taken or deemed to have under such provisions of the SFO) or which will be required, pursuant to section 352 of the SFO, to be entered in the register referred to therein; or which will be required, pursuant to Rules 5.46 to 5.67 of the GEM Listing Rules relating to securities transactions by the Directors, to be notified to the Company and the Stock Exchange.

### **3. SUBSTANTIAL SHAREHOLDERS' AND OTHER PERSONS' INTERESTS IN SHARES**

As at the Latest Practicable Date, so far as the Directors are aware, the persons or companies (not being a Director or chief executive of the Company) who have interests or short positions 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 or which would be recorded in the register required to be kept under section 336 of the SFO or who are

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

**Long position in Shares:**

<b>Name</b>	<b>Capacity/nature of interest</b>	<b>Number of shares/ Underlying shares held</b>	<b>Percentage of issued share capital</b>
Digital China Holdings Limited	Interest in controlled corporation	112,296,107 (Note 1)	19.98%
Geng Yi	Beneficial owner and family interest	88,549,771 (Note 2)	15.75%
Kent C. McCarthy	Interest in controlled corporation	81,022,000 (Note 3)	14.42%
Zhou Quan	Interest in controlled corporation	53,256,743 (Note 4)	9.48%
Ho Chi Sing	Interest in controlled corporation	53,256,743 (Note 4)	9.48%

*Notes:*

- The reference to 112,296,107 Shares represents Shares held by the Talent Gain Developments Limited, a wholly-owned subsidiary of Digital China (BVI) Limited, which is a wholly-owned subsidiary of Digital China Holdings Limited.
- Such interest in the Company comprises: (a) 54,915,771 Shares of which 50,065,146 Shares are held by Mr. Guo Jiang, who is Ms. Geng Yi's spouse; (b) 16,700,000 underlying shares derived from the awarded shares granted to Mr. Guo Jiang under the employees' share award scheme adopted on 17 November 2011; and (c) 16,934,000 underlying shares derived from the share options granted under the share option scheme adopted on 30 November 2003 of which 11,000,000 underlying shares derived from the share options granted to Mr. Guo Jiang under the share option scheme.  
  
Ms. Geng is deemed, or taken to have, interested in the shares and underlying shares held by Mr. Guo Jiang pursuant to the SFO.
- The reference to 81,022,000 Shares comprises 76,448,873 Shares and 4,573,127 Shares held by Jayhawk Private Equity Fund, L.P. and Jayhawk Private Equity Co-Invest Fund, L.P., respectively. The entire issued share capital of each of the abovementioned entities is owned by Mr. Kent C. McCarthy.
- The reference to 53,256,743 Shares comprises (i) 16,664,743 Shares and (ii) 36,592,000 Shares owned by (i) IDG Technology Venture Investments, L.P., a limited partnership controlled by IDG Technology Venture Investments, LLC, which is in turn jointly controlled by Mr. Zhou Quan and Mr. Ho Chi Sing, and (ii) IDG Technology Venture Investment III, L.P., a limited partnership controlled by IDG Technology Venture Investment III, LLC, which is in turn jointly controlled by Mr. Zhou Quan and Mr. Ho Chi Sing, respectively.

Save as disclosed above, as at the Latest Practicable Date, the Directors and chief executives of the Company are not aware of any person (other than the Directors, chief executives or the chairman or their respective associates of the Company) who, as at the Latest Practicable Date, has interests or short positions in the shares or underlying shares of the Company which would fall to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO or which will be recorded in the register required to be kept under section 336 of the SFO, or who are directly or indirectly interested in 10% or more of the nominal value of any class of share capital carrying rights to vote in all circumstances at general meetings of any other member of the Group.

#### **4. COMPETING INTERESTS**

None of the Directors, the substantial Shareholders of the Company and their respective associates has an interest in any business which competes or may compete with the business of the Group.

#### **5. DIRECTORS' SERVICE CONTRACTS**

As at the Latest Practicable Date, none of the Directors has any service contract with the Group which is not terminable within one year without payment of compensation, other than statutory compensation.

#### **6. DIRECTORS' INTEREST IN ASSETS AND CONTRACTS**

As at the Latest Practicable Date, none of the Directors has any direct or indirect interests in any assets which have been acquired or disposed of by or leased to any member of the Group, or are proposed to be acquired or disposed of or leased to any member of the Group, since 31 December 2011, being the date to which the latest published audited consolidated financial statements of the Company were made up.

As at the Latest Practicable Date, none of the Directors was materially interested in any contract or arrangement subsisting as at the Latest Practicable Date and which is significant in relation to the business of the Group.

#### **7. LITIGATION**

As at the Latest Practicable Date, no member of the Group was engaged in any litigation or arbitration proceedings of material importance and no litigation or claim of material importance was known to the Directors to be pending or threatened by or against any member of the Group.

**8. CONSENT OF EXPERT**

The following expert has given and has not withdrawn its written consent to the issue of this circular with the inclusion of its report, statement and/or reference to its name in the form and context in which it respectively appears:

<b>Name</b>	<b>Qualification</b>
Vigers Appraisal and Consulting Limited	Property Valuer

As at the Latest Practicable Date, the above expert 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, the above expert did not have any direct or indirect interest in any assets which have since 31 December 2011, being the date to which the latest published audited consolidated financial statements of the Company were made up, acquired or disposed of by or leased to the Company and its subsidiaries, or were proposed to be acquired or disposed of by or leased to the Company and its subsidiaries.

**9. GENERAL**

- (a) The registered office of the Company is located at 4th Floor, One Capital Place, P.O. Box 847, George Town, Grand Cayman, Cayman Islands, British West Indies.
- (b) The head office of the Company is located in Tower B, Jingyi Technical Building, No. 9 Dazhongsi East Road, Haidian District, Beijing, the PRC (100098). The principal place of business of the Company in Hong Kong is located at Room 3907-08, 39/F, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong.
- (c) The branch share registrar and transfer office of the Company in Hong Kong is Computershare Hong Kong Investor Services Limited at Rooms 1712-1716, 17th Floor, Hopewell Centre, 183 Queen's Road East, Hong Kong.
- (d) The company secretary of the Company is Ms. Kwong Yin Ping Yvonne. Ms. Kwong is an Associate of The Hong Kong Institute of Chartered Secretaries and an Associate of The Institute of Chartered Secretaries and Administrators.
- (e) The compliance officer of the Company is Mr. Guo Fansheng who is also an executive Director.
- (f) The audit committee of the Company comprises Mr. Zhang Ke (chairman of the audit committee and an independent non-executive Director), Mr. Li Jianguang (a non-executive Director) and Dr. Xiang Bing (an independent non-executive Director). The main objective of the audit committee is to be

responsible for the relationship with the Company's auditors, review of the Company's financial information and monitoring of the Company's financial reporting system and internal control procedures. The Committee is accountable to the Board.

Mr. Zhang Ke is an independent non-executive director of China Coal Energy Company (whose shares are listed on the Shanghai Stock Exchange, stock code: 601898), an independent non-executive director of SEEC Media Group Limited, whose shares are listed on the Stock Exchange, an independent director of E-Commerce China Dangdang Inc., whose shares are listed on the New York Stock Exchange, an independent non-executive director of Guiyang Longmaster Information & Technology Co., Ltd (貴陽朗瑪信息技術股份有限公司), whose shares are listed on the Shenzhen Stock Exchange. Up to 28 October 2010, he was also an independent non-executive director of Air China Limited, whose shares are listed on the Stock Exchange.

Dr. Xiang is currently an independent non-executive director of China Dongxiang (Group) Co., Ltd., Dan Form Holdings Company Limited (stock code: 271), Enerchina Holdings Limited, Sinolink Worldwide Holdings Limited, Longfor Properties Co. Ltd., and Peak Sport Products Co., Limited, all of which shares are listed on the Stock Exchange. Dr. Xiang is also an independent non-executive director of LDK Solar Co., Ltd and E-House (China) Holdings Limited, both of which shares are listed on New York Stock Exchange; an independent non-executive director of Perfect World Co., Ltd, whose shares are listed on NASDAQ; an independent non-executive director of Yunnan Baiyao Group Co., Ltd. (stock code: 538) and Shanxi Qinchuan Machine Development Co., Ltd. (陝西秦川機械發展股份有限公司), all of which shares are listed on the Shenzhen Stock Exchange. He was also an independent non-executive director of Little Sheep Group Limited (stock code: 968), whose shares are listed on Stock Exchange up to 1 February 2012 and an independent non-executive director of Shenzhen Terca Technology Co., Ltd. (stock code: 2213), whose shares are listed on the Shenzhen Stock Exchange, up to 29 November 2009, respectively.

- (g) In the event of any inconsistency, the English text of this circular shall prevail over the Chinese text.

## 10. MATERIAL CONTRACTS

As at the date of this circular, the following contracts (not being contracts in the ordinary course of business) have been entered into by members of the Group within two years immediately preceding the date of this circular which are or may be material:

- (a) the investment and cooperation agreement dated 3 July 2012 entered into between Tianjin HC and Foshan Tian Nuo Investment Development Co., Ltd\* (佛山市天諾投資發展有限公司) ("Tian Nuo") in relation to the establishment of the Subsidiary with a total registered capital of RMB150,000,000, of which RMB76,500,000 to be contributed by Tianjin HC and RMB73,500,000 to be contributed by Tian Nuo;

\* For identification purpose only



- (b) a trust deed dated 17 November 2011 entered into between the Company and First Shanghai Securities Limited (as trustee) in respect of the constitution of a trust and the appointment of trustee for the administration and operation of the share award scheme of the Company adopted on 17 November 2011;
- (c) the subscription agreement dated 10 June 2011 entered into between the Company and Talent Gain Developments Limited pursuant to which the Company agreed to allot, and Talent Gain Developments Limited agreed to subscribed for 53,809,685 Shares at a subscription price of HK\$1.50 each;
- (d) a share transfer agreement dated 30 May 2011 entered into between Beijing HC International Information Co. Limited (北京慧聰國際資訊有限公司) (“HC PRC”) (a wholly-owned subsidiary of the Company) and Huicong Investment Management (Beijing) Co. Ltd. (慧聰投資管理(北京)有限公司) (“Huicong Investment”), pursuant to which HC PRC agreed to dispose of 70% equity interest in Beijing Huicong Boxin Information Consulting Co. Limited (北京慧聰博信信息諮詢有限公司) to Huicong Investment at a consideration of RMB7,979,000; and
- (e) a share transfer agreement dated 30 May 2011 entered into between HC PRC and Huicong Investment, pursuant to which HC PRC agreed to dispose of 40% equity interest in Beijing Dun & Bradstreet Market Information Consulting Co. Ltd. (北京鄧白氏慧聰市場信息諮詢有限公司) to Huicong Investment at a consideration of RMB13,569,000.

#### 11. DOCUMENTS FOR INSPECTION

Copies of the following documents will be available for inspection at Suites 2001–2005, 20/F, Jardine House, 1 Connaught Place, Central, Hong Kong during normal business hours on any weekday (except Saturdays and public holidays) for a period of 14 days from the date of this circular:

- (a) the memorandum and articles of association of the Company;
- (b) the annual reports of the Company for the three years ended 31 December 2009, 2010 and 2011;
- (c) the interim report of the Company for the six months ended 30 June 2012;
- (d) the valuation report prepared by Vigers Appraisal and Consulting Limited, the text of which is set out in Appendix II to this circular;
- (e) the written consent referred to under the section headed “Consent of expert” in this appendix; and
- (f) the material contracts referred to under the section headed “Material Contracts” in this appendix.



20 years, young HC!

**HC INTERNATIONAL, INC.**

**慧聰網有限公司\***

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

**(Stock code: 8292)**

**NOTICE IS HEREBY GIVEN** that an extraordinary general meeting of HC International, Inc. (the “Company”) will be held at Tower B, Jingyi Technical Building, No.9 Dazhongsi East Road, Haidian District, Beijing, the People’s Republic of China (“PRC”) (100098) on Monday, 4 February 2013, at 4:00 p.m. (the “Meeting”) for the purpose of considering and if thought fit, passing the following resolution as an ordinary resolution of the Company (with or without amendments):

**ORDINARY RESOLUTION**

**“THAT**

- (1) the Company is hereby authorised through Guangdong Huicong Household Appliances City Investment Co., Ltd\* (廣東慧聰家電城投資有限公司) (the “Subsidiary”) to participate and bid at the Tender (as defined in the circular of the Company dated 18 January 2013 (the “Circular”), of which the notice convening this meeting forms part and a copy of which has been produced to this meeting marked “A” and initialed by the chairman of this meeting for the purpose of identification) for the acquisition of the land use rights of the land located at No. 8, East of State Road 105, Beijiao Town, Shunde, Foshan, Guangdong Province (廣東省佛山市順德北滘鎮105國道東側8號) of the PRC) (the “Land”);
- (2) the Possible Acquisition (as defined in the Circular), if the bid by the Subsidiary is successful, at a consideration of up to RMB355,000,000, being the ceiling which the Subsidiary is willing to bid at the Tender for the Possible Acquisition and the transactions contemplated thereunder be and are hereby approved; and
- (3) any one director of the Company be and is hereby authorised to proceed with the Tender and, if the bid of the Subsidiary is successful, to proceed with the completion of the Possible Acquisition and to exercise all the powers of the Company and to do all things and acts and execute and deliver all documents, as may be necessary, desirable or expedient to carry out or to give effect to any

\* For identification purpose only

## NOTICE OF EGM

or all transactions in connection with the Tender and, if the bid is successful, the Possible Acquisition including, where necessary, affix the common seal of the Company thereon.

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

Beijing, PRC, 18 January 2013

*Notes:*

1. Any member of the Company entitled to attend and vote at the Meeting shall be entitled to appoint another 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. 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 appointer or of his attorney duly authorised in writing or, if the appointer is a corporation, either under its seal or under the hand of an officer, attorney or other person authorised 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, must be delivered to the office of the Company's branch share registrar and transfer office in Hong Kong, Computershare Hong Kong Investor Services Limited of 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.
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 share, 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 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 or any adjournment thereof (as the case may be) if the member so wish and in such event, the instrument appointing a proxy should be deemed to be revoked.