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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 with the enclosed form of proxy and confirmation slip to the purchaser or transferee, or to the bank, stockbroker or other agent through whom the sale or transfer was effected for transmission to the purchaser or transferee.

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20 years, young HC!

HC INTERNATIONAL, INC.

慧聪网有限公司*

(incorporated in the Cayman Islands with limited liability)

(Stock code: 8292)

**MAJOR AND CONNECTED TRANSACTION
IN RELATION TO
ESTABLISHMENT OF A JOINT VENTURE COMPANY**

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

**SUNWAH KINGSWAY
新華滙富**

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 Thursday, 9 January 2014, at 4:00 p.m. (the "EGM") is set out on pages 28 to 29 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 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, unless the context otherwise requires, the following terms have the following meanings:

“associate(s)”	has the meaning ascribed to it in the GEM Listing Rules;
“Board”	the board of Directors;
“Company”	HC International, Inc., a company incorporated in the Cayman Islands with limited liability and the Shares of which are listed on the GEM;
“connected person(s)”	has the meaning ascribed to it in the GEM Listing Rules;
“Digital China”	Digital China Holdings Limited, a limited liability company incorporated under the laws of Bermuda and is a listed company in Hong Kong (stock code: 00861). As at the Latest Practicable Date, Digital China was a substantial shareholder of the Company;
“Director(s)”	the director(s) of the Company;
“EGM”	an extraordinary general meeting of the Company to be convened and held on 9 January 2014 for considering and, if thought fit, approving, the Joint Venture Agreement and the transactions contemplated thereunder;
“GEM”	the 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”	Hong Kong Special Administrative Region of the People’s Republic of China;
“Independent Board Committee”	an independent board committee comprising Mr. Zhang Ke, Mr. Xiang Bing and Mr. Zhang Tim Tianwei, being all independent non-executive Directors, established to advise the Independent Shareholders in relation to the Joint Venture Agreement and the transactions contemplated thereunder;

DEFINITIONS

“Independent Financial Adviser” or “Kingsway”	Kingsway Capital Limited, a licensed corporation to carry on Type 1 (dealing in securities) and Type 6 (advising on corporate finance) regulated activities under the SFO, being the independent financial adviser to the Independent Board Committee and the Independent Shareholders in respect of the Joint Venture Agreement and the transactions contemplated thereunder;
“Independent Shareholder(s)”	Shareholder(s) other than Digital China and its associates (including Talent Gain Developments Limited);
“Joint Venture Agreement”	the agreement entered into between the Company and Digital China dated 4 December 2013 in relation to, among other things, the establishment of the Joint Venture Company;
“Joint Venture Company”	Chongqing Digital China Huicong Micro-Credit Co., Ltd. (重慶神州數碼慧聰小額貸款有限公司) (tentatively only, subject to approval by the relevant administration for industry and commerce), a joint venture company proposed to be established in the PRC with limited liability pursuant to the Joint Venture Agreement, which will be owned as to 60% by Digital China (or its nominee subsidiary) and as to 40% by the Company (or its nominee subsidiary);
“Joint Venture Parties”	Digital China (or its nominee subsidiary) and the Company (or its nominee subsidiary);
“Latest Practicable Date”	16 December 2013, being the latest practicable date prior to the printing of this circular for the purpose of ascertaining certain information contained in this circular;
“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;
“RMB”	Renminbi, the lawful currency of the PRC;
“SFO”	Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong);

DEFINITIONS

“Share(s)”	ordinary share(s) with a par value of HK\$0.1 each of the Company;
“Shareholder(s)”	holder(s) of Share(s);
“Stock Exchange”	The Stock Exchange of Hong Kong Limited;
“substantial shareholder(s)”	has the meaning ascribed to it in the GEM Listing Rules;
“Transaction”	proposed transaction of establishment of a joint venture company; and
“%”	per cent.

In this circular unless otherwise specified, amounts denominated in RMB have been converted into Hong Kong dollars at RMB1.00 to HK\$1.27 for illustration purpose only. No representation has been made by the Company that any amount has been, could have been or could be converted at the above rate or at any other rates or at all.



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 Officer and Principal

Place of Business:

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

20 December 2013

To the Shareholders

Dear Sir or Madam,

**MAJOR AND CONNECTED TRANSACTION
IN RELATION TO
ESTABLISHMENT OF A JOINT VENTURE COMPANY**

INTRODUCTION

Reference is made to the announcement of the Company dated 4 December 2013.

On 4 December 2013, the Company and Digital China entered into the Joint Venture Agreement, pursuant to which the Joint Venture Parties agreed to, among other things, establish the Joint Venture Company, which will be owned as to 60% by Digital China (or its nominee subsidiary) and as to 40% by the Company (or its nominee subsidiary). The Joint Venture Company will be principally engaged in micro-credit internet banking business in the PRC.

* *For identification purposes only*

LETTER FROM THE BOARD

The purposes of this circular are to provide you with, among other things, (i) further information on the Joint Venture Agreement and the transactions contemplated thereunder; (ii) a notice of the EGM to be convened and held to consider and, if thought fit, to approve the Joint Venture Agreement and the transactions contemplated thereunder; and (iii) other information required under the GEM Listing Rules.

THE JOINT VENTURE AGREEMENT

Principal terms of the Joint Venture Agreement are set out below:

Date

4 December 2013

Parties involved

1. Digital China
2. the Company

Formation of the Joint Venture Company

Pursuant to the terms of the Joint Venture Agreement, the Joint Venture Parties conditionally agreed to establish the Joint Venture Company in the PRC for an initial term of 50 years. The Joint Venture Company will be owned as to 60% by Digital China (or its nominee subsidiary) and as to 40% by the Company (or its nominee subsidiary).

Business scope of the Joint Venture Company

Pursuant to the Joint Venture Agreement, subject to approval of, and obtaining necessary permissions from relevant authority in accordance with relevant laws, rules and regulations, the Joint Venture Company will be principally engaging in the processing of loans, discounted notes and asset transfer in the PRC.

Registered capital of the Joint Venture Company

Pursuant to the Joint Venture Agreement, the total registered capital of the Joint Venture Company shall be RMB1,000,000,000 (equivalent to approximately HK\$1,270,000,000), of which RMB600,000,000 (equivalent to approximately HK\$762,000,000) will be contributed by Digital China in cash and RMB400,000,000 (equivalent to approximately HK\$508,000,000) will be contributed by the Company in cash, which shall be contributed in the following manners:

- (i) as to RMB375,000,000 (equivalent to approximately HK\$476,250,000) shall be contributed in the process of the incorporation of the Joint Venture Company by the Joint Venture Parties in proportion to their corresponding shareholding percentages in the registered capital of the

LETTER FROM THE BOARD

Joint Venture Company (that is, as to RMB225,000,000 (equivalent to approximately HK\$285,750,000) by Digital China and as to RMB150,000,000 (equivalent to approximately HK\$190,500,000) by the Company, respectively).

- (ii) as to the remaining RMB625,000,000 (equivalent to approximately HK\$793,750,000) shall be contributed within eighteen months upon the issuance of the business license (or such earlier time as may be agreed by the Joint Venture Parties) by the Joint Venture Parties in proportion to their corresponding shareholding percentages in the registered capital of the Joint Venture Company (that is, as to RMB375,000,000 (equivalent to approximately HK\$476,250,000) by Digital China and as to RMB250,000,000 (equivalent to approximately HK\$317,500,000) by the Company, respectively).

The amount of capital contribution was determined after negotiation between the Joint Venture Parties with reference to the initial capital requirement of the Joint Venture Company and the intent of the parties as to the capital contributions. The capital contribution to be made by the Company will be funded by internal resources. Following the establishment of the Joint Venture Company, its full financial information of the Joint Venture Company will not be consolidated into those of the Group.

According to the funding requirement of the Joint Venture Company, the Joint Venture Company may raise the required working capital by way of further capital contributions made by the Joint Venture Parties in proportion to their respective equity interests in the Joint Venture Company. The Joint Venture Parties will negotiate and determine the actual fund raising methods as and when the circumstances require.

Matters requiring unanimous approval from the Joint Venture Parties

Unanimous approval from Joint Venture Parties shall be obtained for matters in relation to, among other things, change of name, alternation of the registered capital, granting any option over unpaid capital, entering into agreement outside its normal course of business or not in normal terms, splitting and division, dissolution and liquidation of the Joint Venture Company, amendments to the articles of association, approval of annual accounts, annual budget, authorizing any director to engage financial transactions and to approve the procedures of giving authority, acquisition or disposal of interest in any company or business, execution of any bonus or profit-sharing plan, share options scheme, equity incentive plan or employee share plan, entering into any transaction with a value of more than HK\$1,000,000 with any shareholders or related parties, merger, consolidation, acquisition of shares, or all or substantially all assets or businesses of another company, alternating whole or any part of the rights vested in the shares of the Joint Venture Company and the establishment of any partnership or joint venture with any other party.

LETTER FROM THE BOARD

In addition, certain major matters in relation to, among other things, any increase or reduction in the registered capital, matters regarding merger, division, dissolution, liquidation or alteration of company form and amendments to the articles of association of the Joint Venture Company, shall only be resolved by passing special resolution, which also requires unanimous approval from Joint Venture Parties, at shareholders' general meeting of the Joint Venture Company.

Board composition and board resolutions

The board of directors of the Joint Venture Company will comprise five directors, of which Digital China shall have the rights to nominate three members (including the chairman of the board of directors) and the Company shall have the rights to nominate two members (including the vice chairman of the board of directors). All resolutions of the board of directors of the Joint Venture Company shall be approved by at least a two-third majority of the directors attending the meeting. Digital China shall be entitled to nominate the chief financial officer, and the Company shall be entitled to nominate the chief executive officer (general manager) of the Joint Venture Company.

The Joint Venture Company will have one supervisor, who will be elected by shareholders' general meeting of the Joint Venture Company.

Profit sharing

The Joint Venture Parties will be entitled to share the profits of the Joint Venture Company in the proportion to its respective capital contribution to the Joint Venture Company. Any distribution of profits of the Joint Venture Company shall be approved by special resolutions at the shareholders' general meeting, provided that the Joint Venture Company shall distribute 50% of its distributable profits for the relevant financial years, subject to the condition that the Joint Venture Company has adequate cash for such distribution without additional borrowing, unless unanimously approved by the Joint Venture Parties.

Transfer and pledge of equity interests

The Joint Venture Parties may transfer all or part of its equity interests in the Joint Venture Company upon obtaining prior written consent from the other party.

The Joint Venture Parties may not, among other things, pledge or impose any encumbrances on its equity interests, or enter into any agreement in relation to the rights attached or enjoyed by such equity interests (including voting rights).

Conditions precedent of the Joint Venture Agreement

The Joint Venture Agreement is conditional upon, among other things, the Company and Digital China, each as a company whose shares are listing on the Stock Exchange, having completed all approval procedures (including without limitation, approval from their respective shareholders, where required).

LETTER FROM THE BOARD

INFORMATION OF THE GROUP

The Group is one of the leading B2B e-commerce operators in the PRC. The Group aims to provide 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) search engine services, and (iii) trade catalogues and yellow page directories.

INFORMATION OF DIGITAL CHINA

Digital China is a limited liability company incorporated under the laws of Bermuda and its shares are currently listed on the Main Board of the Stock Exchange (stock code: 00861). Digital China and its subsidiaries (“DC Group”) engage in the sale and distribution of information technology (“IT”) and systems products. DC Group also operates a one-stop supply chain consultancy and offer execution services to IT and other high-value density products manufacturers and major accounts. DC Group is also engaged in the provision of systems integration, applications software development, professional IT services and financial self-service equipment.

Digital China is also a substantial shareholder of the Company who, through its indirect wholly-owned subsidiary, holds 137,758,107 Shares (representing approximately 20.96% of the issued share capital of the Company) as at the Latest Practicable Date.

FINANCIAL EFFECTS OF THE JOINT VENTURE AGREEMENT ON EARNINGS AND ASSETS AND LIABILITIES OF THE COMPANY

Upon establishment of the Joint Venture Company, the profit or loss of the Joint Venture Company will be recognised as a separate line item of the consolidated statement of comprehensive income of the Group. The Group’s investment will be funded by internal resources of the Group, including among others, proceeds from the placement this September 2013. The Directors consider that the formation of the Joint Venture Company pursuant to the Joint Venture Agreement will have no immediate material impact on the consolidated earnings or consolidated assets or liabilities of the Group.

REASONS FOR AND BENEFITS OF THE ESTABLISHMENT OF THE JOINT VENTURE COMPANY AND THE ENTERING INTO THE JOINT VENTURE AGREEMENT

The Group believes that engaging in the internet financing business would be benefited from the PRC government policy as the development of the internet financing business is one of the businesses encouraged by the PRC government. The development and establishment of the Joint Venture Company will provide solutions to small and medium enterprises (the “SME”) for their funding needs. By investing and developing the internet financing business, not only the Group can enjoy dividend income derived from the internet financing business of the Joint Venture Company, but would also bring positive effect to the principle businesses of the Group.

LETTER FROM THE BOARD

In light of the above, the Directors (including the independent non-executive Directors after taking into account the advice from the Independent Financial Adviser) consider that the terms of the Joint Venture Agreement were arrived at after arm's length negotiations between the Joint Venture Parties, entered into on normal commercial terms, and are fair and reasonable, and that the entering into of the Joint Venture Agreement and the transactions contemplated thereunder are in the interests of the Company and the Independent Shareholders as a whole.

GEM LISTING RULES IMPLICATIONS

As the applicable percentage ratios in respect of the transactions contemplated under the Joint Venture Agreement exceed 25% but are less than 100%, the entering into of the Joint Venture Agreement and the transactions contemplated thereunder constitutes a major transaction for the Company under Chapter 19 of the GEM Listing Rules and is subject to, among other things, the Shareholders' approval requirement under Chapter 19 of the GEM Listing Rules.

In addition, as Digital China is a substantial shareholder of the Company who was interested in approximately 20.96% of the issued share capital of the Company as at the Latest Practicable Date, Digital China is a connected person of the Company. The entering into of the Joint Venture Agreement and the transactions contemplated thereunder therefore also constitutes a connected transaction of the Company under Chapter 20 of the GEM Listing Rules and is subject to, among other things, the Independent Shareholders' approval requirement under Chapter 20 of the GEM Listing Rules.

Mr. Guo Wei (a non-executive Director, who is also the chairman, an executive director and a shareholder of Digital China, who held (directly or indirectly and beneficially or deemed) approximately 6.48% of the issued share capital of Digital China as at the Latest Practicable Date, is regarded as having material interest in the Joint Venture Agreement and the transactions contemplated thereunder. He is required to, and had, abstain from voting at the Board meeting upon which the Joint Venture Agreement and the transactions contemplated thereunder was considered. Save as above, none of the Directors has any material interest in the Joint Venture Agreement and the transactions contemplated thereunder.

INDEPENDENT BOARD COMMITTEE AND INDEPENDENT FINANCIAL ADVISER

An Independent Board Committee comprising Mr. Zhang Ke, Mr. Xiang Bing and Mr. Zhang Tim Tianwei, being all independent non-executive Directors, has been established to advise the Independent Shareholders in relation to the Joint Venture Agreement and the transactions contemplated thereunder. None of the members of the Independent Board Committee has any material interest in the Joint Venture Agreement. The text of the letter from the Independent Board Committee is set out on page 11 of this circular.

The Company has also appointed Kingsway as the Independent Financial Adviser to advise the Independent Board Committee and the Independent Shareholders in respect of the Joint Venture Agreement and the transactions contemplated thereunder. The text of the letter from the Independent Financial Adviser is set out on pages 12 to 17 of this circular.

LETTER FROM THE BOARD

EGM

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 Thursday, 9 January 2014, at 4:00 p.m. is set out on pages 28 to 29 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. Digital China and its associates (including Talent Gain Developments Limited, an indirect wholly-owned subsidiary of Digital China), who held 137,758,107 Shares (representing approximately 20.96% of the issued share capital of the Company) as at the Latest Practicable Date, shall abstain from voting on the resolution to approve the Joint Venture Agreement and the transactions contemplated thereunder. To the best knowledge, information and belief of the Directors having made all reasonable enquiries, no other Shareholders is required to abstain from voting 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, 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.

RECOMMENDATIONS

The Board (including the independent non-executive Directors) believes that the terms of the Joint Venture Agreement are fair and reasonable, and in the best interests of the Company and the Independent Shareholders taken as a whole. Accordingly, the Board recommends the Independent Shareholders to vote in favour of the resolution in relation to the Joint Venture Agreement and the transactions contemplated thereunder to be proposed at the EGM.

ADDITIONAL INFORMATION

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

The Joint Venture Agreement and the transactions contemplated thereunder are subject to certain conditions precedent, and therefore may or may not proceed. Shareholders and potential investors are reminded that to exercise caution when dealing in the Shares.

Yours faithfully,
By order of the Board
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: 8292)

**MAJOR AND CONNECTED TRANSACTION
IN RELATION TO
ESTABLISHMENT OF A JOINT VENTURE COMPANY**

20 December 2013

To the Independent Shareholders

Dear Sir or Madam,

References are made to the circular of HC International, Inc. dated 20 December 2013 (the "Circular"), of which this letter forms part. Unless the context otherwise requires, terms defined in the Circular shall have the same meanings when used in this letter.

We have been appointed as members of the Independent Board Committee to advise the Independent Shareholders in relation to the Joint Venture Agreement and the transactions contemplated thereunder.

Kingsway has also been appointed as the Independent Financial Adviser to advise the Independent Board Committee and the Independent Shareholders in respect of the terms of the Joint Venture Agreement.

Your attention is drawn to the letter from the Board (as set out on pages 4 to 10 of this Circular) and the letter of advice from the Independent Financial Adviser (as set out on pages 12 to 17 of this Circular).

Having taken into account the advice of the Independent Financial Adviser and the terms of the Joint Venture Agreement, we are of the view that the terms of the Joint Venture Agreement are fair and reasonable so far as the Independent Shareholders are concerned, and are in the interests of the Company and the Independent Shareholders as a whole. We therefore recommend the Independent Shareholders to vote in favour of the resolution to approve the Joint Venture Agreement and the transactions contemplated thereunder.

Yours faithfully,

**Independent Board Committee of
HC International, Inc.**

Zhang Ke Xiang Bing Zhang Tim Tianwei
Independent Non-Executive Directors

* *For identification purposes only*

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

The following is the text of a letter of advice from the Independent Financial Adviser to the Independent Board Committee and the Independent Shareholders, which has been prepared for the purpose of incorporation into this circular, setting out its advice to the Independent Board Committee and the Independent Shareholders in connection with the entering into of the Joint Venture Agreement and the transactions contemplated thereunder.

SUNWAH KINGSWAY
新華滙富

20 December 2013

*To the Independent Board Committee and the Independent Shareholders of
HC International, Inc.*

Dear Sirs,

MAJOR AND CONNECTED TRANSACTION IN RELATION TO ESTABLISHMENT OF A JOINT VENTURE COMPANY

INTRODUCTION

We refer to our appointment as the independent financial adviser to the Independent Board Committee in respect of the establishment of the Joint Venture Company, details of which are set out in the letter from the Board (the “**Letter from the Board**”) contained in the circular of the Company dated 20 December 2013 (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 4 December 2013, the Company and Digital China entered into the Joint Venture Agreement, pursuant to which the Joint Venture Parties agreed to, among other things, form the Joint Venture Company, which will be owned as to 60% by Digital China and as to 40% by the Company (or their respective nominee subsidiaries) for the purpose of the development and operation of the micro-credit internet financing business.

As the applicable percentage ratios in respect of the transactions contemplated under the Joint Venture Agreement exceed 25% but are less than 100%, the entering into of the Joint Venture Agreement and the transactions contemplated thereunder constitutes a major transaction for the Company under Chapter 19 of the GEM Listing Rules.

In addition, as Digital China is a substantial shareholder of the Company who, through its indirect wholly-owned subsidiary, interested in approximately 20.96% of the issued share capital of the Company and is therefore a connected person of the Company, the entering into of the Joint Venture Agreement and the transactions contemplated thereunder therefore also constitutes a connected transaction of the Company under Chapter 20 of the GEM Listing Rules and is subject to, among other things, the Independent Shareholders’ approval requirement under Chapter 20 of the GEM Listing Rules.

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

Mr. Guo Wei (a non-executive Director, who is also the chairman, an executive director and a shareholder of Digital China who holds (directly or indirectly and beneficially or deemed) approximately 6.48% of the issued share capital of Digital China, is regarded as having material interest in the Joint Venture Agreement and the transactions contemplated thereunder, and are required to, and had, abstain from voting at the Board meeting upon which the Joint Venture Agreement and the transactions contemplated thereunder were considered. Save as above, none of the Directors has any material interest in the Joint Venture Agreement and the transactions contemplated thereunder.

An Independent Board Committee comprising all the independent non-executive Directors has been established to consider and advise the Independent Shareholders in respect of the Joint Venture Agreement. In our capacity as the independent financial adviser to the Independent Board Committee and the Independent Shareholders, our role is to provide the Independent Board Committee and the Independent Shareholders with an independent opinion and recommendation as to whether the entering into of the Joint Venture Agreement are on normal commercial terms, fair and reasonable and in the interests of the Company and the Shareholders as a whole.

BASIS OF OUR OPINION

In formulating our view and recommendation to the Independent Board Committee and the Independent Shareholders, we have relied on the information, opinions and representations contained or referred to in the Circular and provided to us by the Company, the Directors and the management of the Company, which the Directors consider to be complete, accurate and relevant. We have assumed that all the information, opinions and representations contained or referred to in the Circular were true, accurate and complete at the time they were made and continue to be true and accurate as at the date of the Circular. We have also assumed that all the statements of belief, opinion and intention made by the Directors in the Circular were reasonably made after due enquiry. We have no reason to doubt that any relevant information has been withheld, nor are we aware of any fact or circumstance, which would render the information provided and representations and opinions made to us by the Company, the Directors and the management of the Company untrue, inaccurate or misleading. We consider that we have reviewed sufficient information to enable us to reach an informed view. The Directors have confirmed that no material facts or representations have been withheld or omitted from the information provided and referred to in the Circular. We have not, however, carried out any independent verification of the information provided by the Company, the Directors and the management of the Company, nor have we conducted an independent investigation into the business and affairs, financial condition and future prospects of the Group, the group of Digital China or any of their respective associates.

PRINCIPAL FACTORS AND REASONS CONSIDERED

In arriving at our opinion to the Independent Board Committee and Independent Shareholders in respect of the terms of the Joint Venture Agreement, we have considered the following principal factors and reasons:

1. Reasons for and benefits of the Joint Venture Agreement

(a) Business strategy of the Group

The Joint Venture Company will be principally engaged in the micro-credit internet financing business in the PRC to provide solutions to small to medium enterprises (“SMEs”) for their funding needs, including the processing of loans, discounted notes and asset transfer. It is the Group’s strategy to invest and develop the internet financing business with an aim to generate dividend income and bring positive effect to the principal businesses of the Group as well.

In October 2013, the Company completed a top-up placement and raised net proceeds of approximately HK\$520 million. As stated in the announcement of the Company relating to such placement, approximately 80% of such net proceeds are intended to be used for the expansion of the Group’s existing online Business-to-Business (“B2B”) marketplace by adding new vertical websites and introducing new services such as internet financing, payment solutions, and online transaction services.

The Group is a B2B e-commerce operator in PRC which has been emphasizing on matching the SMEs focusing on domestic trades, deepening the in-depth of vertical services, and exploring the online-to-offline business model. As advised by the Company, with its professional information services and advanced internet technologies, the Group has established a reliable demand and supply platform for SMEs and has built a solid customer base over the past years. The number of SMEs registered with the platform of the Group was approximately 12 million as at the Latest Practicable Date. The Directors believe that those customers are potential customers of the Joint Venture Company.

(b) Prospect of micro-credit internet financing business

As stated in the Letter from the Board and further confirmed by the Directors, the Group believes that the micro-credit internet financing business of the Joint Venture Company would be benefited from the PRC government policy as the development of such business is one of the businesses encouraged by the PRC government.

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

The PRC government has announced policies, such as *Several Opinions of the State Council on Encouraging and Guiding the Healthy Development of Private Investment* (《國務院關於鼓勵和引導民間投資健康發展的若干意見》) and *Notice of the Ministry of Finance on the Pilot Project of Rewarding Small Loan Companies Which Realize Growth of Agricultural Loans* (《關於開展小額貸款公司涉農貸款增量獎勵試點的通知》) in 2010 and 2012 respectively, which encourage the development of micro-credit companies.

According to the statistics released by The People's Bank of China, there were 7,398 micro credit companies in China by the end of September 2013, grew by over 21% from 6,080 micro credit companies by the end of December 2012. Outstanding RMB loans extended by those micro credit companies reached RMB753.5 billion as at 30 September 2013, representing a 27% growth from RMB592.1 billion as at 31 December 2012. Moreover, as at September 2013, RMB micro and small enterprise loans extended by major financial institutions, small rural financial institutions and foreign-funded banks reached RMB12.82 trillion, representing a year-on-year growth of 13.6%, up 0.9 percentage points from the end of the previous quarter. The growth rate surpassed that of loans to large enterprises and to medium enterprises in the same period by 2.2 percentage points and 3.4 percentage points respectively. It was 2 percentage points higher than overall enterprise loan growth.

Taking into account of the factors above, we concur with the Directors and are of the view that the entering into of the Joint Venture Agreement is in line with the business strategy of the Group.

2. Principal terms of the Joint Venture Agreement

(a) Capital contribution

The Joint Venture Parties will be obliged to make capital contribution in proportion to their respective percentage of equity interest in the Joint Venture Company and in accordance with the same contribution schedule as stated under the Joint Venture Agreement. The Joint Venture Company will be owned as to 60% and 40% by Digital China and the Company, or their respective nominee subsidiary, upon establishment. The amount of capital contribution of RMB1,000 million was determined after arms' length negotiation between the Joint Venture Parties with reference to the initial capital requirement of the Joint Venture Company and the intent of the Joint Venture Parties as to the capital contribution. Hence, Digital China and the Company will be obliged to contribute RMB600 million and RMB400 million in cash respectively. According to the funding requirement of the Joint Venture Company, the Joint Venture Company may raise the required working capital by way of further capital contributions made by the Joint Venture Parties in proportion to their respective equity interest in the Joint Venture Company. The Joint Venture Parties will negotiate and determine the actual fund raising methods as and when the circumstances require.

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

(b) Profit sharing

The Joint Venture Parties will share the profits of the Joint Venture Company in proportion to their respective percentage of equity interest in the Joint Venture Company. Any distribution of profits shall be approved by special resolutions at the shareholders' general meeting, provided that the Joint Venture Company shall distribute 50% of its distributable profits for the relevant financial years, subject to the condition that the Joint Venture Company has adequate cash for such distribution without additional borrowing, unless unanimously approved by the Joint Venture Parties.

(c) Distribution of assets at the termination or expiry of the Joint Venture Agreement

At the termination or expiry of the Joint Venture Agreement, any residual assets of the Joint Venture Company, if any, will be distributed to the Joint Venture Parties in proportion to their respective equity interest, save as otherwise agreed among the Joint Venture Parties.

(d) Composition of board and senior management

The Joint venture Parties will be entitled to nominate the number of board members in proportion to their respective percentage of equity interest in the Joint Venture Company upon establishment and thereafter. Save as the chief financial officer and chief executive officer which will be nominated by Digital China and the Company respectively, other senior management will be nominated by the board of directors of the Joint Venture Company.

We have reviewed the Joint Venture Agreement and have discussed with the management of the Company on the principal terms of the Joint Venture Agreement. Having considered the principal terms of the Joint Venture Agreement above, in particular, (i) as stated under the Joint Venture Agreement and further confirmed by the Company, the rights and obligations of the Joint Venture Parties, including capital contribution, profit sharing, assets distribution at termination/expiry of the Joint Venture Agreement and nomination of board member and senior management, will be in proportion to their respective percentage of equity interest in the Joint Venture Company; (ii) the schedule of capital contribution of the Joint Venture Parties is the same; and (iii) we understood from the Company that there is no other principal terms relating to the establishment of the Joint Venture Company agreed by the Joint Venture Parties but has not been stated under the Joint Venture Agreement, we concur with the Directors and are of the opinion and that the terms of the Joint Venture Agreement are fair and reasonable, on normal commercial terms and in the interests of the Company and the Shareholders as a whole.

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

3. Possible financial effects of the Joint Venture Agreement on the Group

The Joint Venture Company will be owned as to 40% by the Company or its nominee subsidiary upon establishment and its financial results will not be consolidated into those of the Group. The profit or loss of the Joint Venture Company will be shared by the Joint Venture Parties as an investment profit or loss in proportion to their respective equity interest.

This investment by the Company will be financed by internal resources of the Group, including the net proceeds raised from the top-up placement completed in October 2013. The Directors consider that the establishment of the Joint Venture Company pursuant to the Joint Venture Agreement will have no immediate material impact on the consolidated earnings, assets or liabilities of the Group.

RECOMMENDATION

Having considered the abovementioned principal factors and reasons, we consider that the entering into of the Joint Venture Agreement is in line with the business strategy of the Group, and the terms of the Joint Venture Agreement are fair and reasonable, normal commercial and in the interests of the Group and the Shareholders as a whole.

Yours faithfully,
For and on behalf of
Kingsway Capital Limited
Chu Tat Hoi
Executive Director

FINANCIAL INFORMATION OF THE GROUP

Financial information of the Group for each of the three years ended 31 December 2010, 2011 and 2012 are disclosed in the annual reports of the Company for the years ended 31 December 2010, 31 December 2011 and 31 December 2012 respectively. There was no qualified audit opinion expressed on the financial statements of the Group for each of the three years ended 31 December 2012.

The unaudited financial information of the Group for the three months ended 31 March 2013, the six months ended 30 June 2013 and the nine months ended 30 September 2013 are disclosed in the first quarterly report, interim report and third quarterly report of the Company, respectively.

The said annual, interim and quarterly reports of the Company are published on both the website of GEM (www.hkgem.com) and the website of the Company.

INDEBTEDNESS STATEMENT

As at the close of business on 31 October 2013, 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 RMB2,198,000, secured by the Group's property, plant and equipment and non-secured shareholders' loan of RMB79,777,000.

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.

WORKING CAPITAL

Taking into account the expected completion of the Transaction on 31 January 2014 and the internal resources available to the Group, the directors of the Company are of the opinion that the Group has sufficient working capital for its present requirements, that is for at least the next 12 months from the date of this circular.

FINANCIAL AND TRADING PROSPECT OF THE GROUP

For the year ended 31 December 2012, the Group recorded revenue of approximately RMB548.6 million (2011: RMB438.4 million) from continuing operations, representing an increase of approximately 25% in compared with that of the previous year. The increase in revenue of the Group was mainly attributable to the revenue generated from the online products. The Group recorded profit for the year of approximately RMB65.4 million, representing basic earnings per Share of RMB0.1204. The profit was mainly attributable to the increase in revenue and best control of cost and expenses.

The Group has formulated a multi-facet matrix of products and services, by means of both on-line and off-line, which successfully builds up an unique B2B marketing solutions, namely “on-line + yellow page + Top 10”, with that, the Directors believe it provides the best products or commercial solutions for our customers in fullest scale.

On the other side the Group continues to focus on domestic trade and improve the B2B e-Commerce platform by providing full e-Commerce services and trading services. And the Group will increase the market share by expanding vertical coverage and customer base.

The Company has successfully conducting a placement of existing shares and subscription of 72,000,000 ordinary shares at price of HK\$7.50 per share pursuant to a placing and subscription agreement dated 27 September 2013, which resulted to a net proceeds of approximately HK\$520,000,000. Majority of the capital raised will be used for the deployment of new services such as B2B internet financing, payment solutions, and online transaction services.

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 enquires, 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 OF DIRECTORS AND CHIEF EXECUTIVES

Directors' and chief executives' interests and short positions in the securities of the Company and its associated corporations

Save as disclosed below, as at the Latest Practicable Date, none of the Directors, chief executives of the Company and their associates had any interests or short positions in any shares, underlying shares or debentures of the Company or its associated corporations (within the meaning of Part XV of the SFO) which were required to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions which they are deemed or taken 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 referred to therein, or which were required, pursuant to rules 5.46 to 5.67 of the GEM Listing Rules and the Model Code for Securities Transactions by Directors of Listed Companies, to be notified to the Company and the Stock Exchange:

Directors' long positions in the Shares

Name of Director	Capacity	Total Number of Shares	Percentage of shareholding (approximately)
Guo Jiang (<i>Note 1</i>)	Beneficial owner/ family interest	88,549,771	13.47%
Guo Fansheng	Beneficial owner	57,749,015	8.79%
Li Jianguang (<i>Note 2</i>)	Interest of controlled corporation	32,000,384	4.87%
Lee Wee Ong (<i>Note 3</i>)	Beneficial owner	4,600,672	0.70%

Notes:

1. Such interest in the Company comprises:
 - (a) 58,198,771 Shares, of which 4,850,625 Shares are held by Ms. Geng Yi, who is Mr. Guo Jiang's spouse;
 - (b) 13,917,000 underlying shares of the Company derived from the awarded shares granted to Mr. Guo Jiang under the employees' share award scheme adopted on 17 November 2011 ("Share Award Scheme"); and
 - (c) 16,434,000 underlying shares of the Company derived from the share options granted under the share option scheme adopted on 30 November 2003 ("Share Option Scheme") of which 5,934,000 underlying shares derived from the share options granted to Ms. Geng Yi under the Share Option Scheme.
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: (i) 1,100,672 Shares, (ii) 2,000,000 underlying shares of the Company derived from the awarded Shares granted to Mr. Lee Wee Ong under the Share Award Scheme, and (iii) 1,500,000 underlying shares of the Company derived from the share options granted under the Share Option Scheme.

Substantial shareholders' and other persons' interests and short positions in the shares and underlying shares of the Company

To the best knowledge, information and belief of Directors having made all reasonable enquiries, save as disclosed below, as at the Latest Practicable Date, the Company had not been notified of any interests or short positions of substantial shareholders or other persons in the shares and underlying shares of the Company which were notified to the Company and the Stock Exchange pursuant to Divisions 2 and 3 of Part XV of the SFO or required to be entered in the register maintained by the Company pursuant to Section 336 of the SFO:

Name of Shareholder	Capacity	Total Number of Shares	Percentage of shareholding (approximately)
Digital China (<i>Note 1</i>)	Interest in controlled corporation	137,758,107	20.96%
Geng Yi (<i>Note 2</i>)	Beneficial owner/ family interest	88,549,771	13.47%
Kent C. McCarthy (<i>Note 3</i>)	Interest of controlled corporation	85,511,000	13.01%

Notes:

1. The reference represents the 137,758,107 Shares held by Talent Gain Developments Limited, a wholly-owned subsidiary of Digital China (BVI) Limited, which is a wholly-owned subsidiary of Digital China.
2. Such interest in the Company comprises:
 - (a) 58,198,771 Shares, of which 53,348,146 Shares are held by Mr. Guo Jiang, who is Ms. Geng Yi's spouse;
 - (b) 13,917,000 underlying shares of the Company derived from the awarded shares granted to Mr. Guo Jiang under the Share Award Scheme; and
 - (c) 16,434,000 underlying shares of the Company derived from the share options granted under the Share Option Scheme, of which 10,500,000 underlying shares derived from the share options granted to Mr. Guo Jiang under the Share Option Scheme.
3. The reference to 85,511,000 Shares represents 71,700,569 Shares, 4,506,431 Shares and 9,304,000 Shares held by Jayhawk Private Equity Fund, L.P., Jayhawk Private Equity Co-Invest Fund, L.P. And JHAB Fund II, LLC, respectively. The entire issued share capital of each of the abovementioned entities is owned by Mr. Kent C. McCarthy.

3. DIRECTORS' INTERESTS IN ASSETS/CONTRACTS AND OTHER INTERESTS

As at the Latest Practicable Date, none of the Directors had any direct or indirect interest in any assets which have been acquired or disposed of by or leased to the Company or are proposed to be acquired or disposed of by or leased to the Company since 31 December 2012 (being the date of the latest published audited financial statements of the Group). None of the Directors was materially interested in any contract or arrangement entered into by the Company subsisting at the Latest Practicable Date and which is significant in relation to the business of the Company.

4. COMPETING INTERESTS

To the best knowledge of the Directors, as at the Latest Practicable Date, none of the Directors or their respective associates had any interests in a business, which competes or is likely to compete either directly or indirectly with the business of the Group which would be required to be disclosed under Rule 11.04 of the GEM Listing Rules, as if the Directors were controlling shareholders (as defined under GEM Listing Rules) of the Company.

5. SERVICE CONTRACTS

As at the Latest Practicable Date, none of the Directors has entered or proposed to enter into a service contract with any member of the Group which is not determinable by the employer within one year without payment of compensation other than statutory compensation.

6. MATERIAL CONTRACTS

As at the Latest Practicable Date, the following contracts (not being contracts entered into in the ordinary course of business) were entered into by members of the Group within 2 years immediately preceding the date of this circular and are or may be material:

- (a) the agreement dated 9 December 2013 entered into between Huicong (Tianjin) E-Commerce Investment Co., Ltd.* (慧聰(天津)電子商務產業投資有限公司) (“Tianjin HC”), a non-wholly-owned subsidiary of the Group, and Tianjin Lekun Enterprise Management and Consultancy Partnership (Limited Partnership)* (天津樂坤企業管理諮詢合夥企業(有限合夥)) and Beijing Zhong Ding Bo Rui Investment Management Co., Ltd.* (北京中鼎博瑞投資管理有限公司) in relation to the establishment of a joint venture company with a total registered capital of RMB100 million, of which Tianjin HC will contributed RMB20 million;
- (b) the Joint Venture Agreement;
- (c) the general contracting construction and construction management contract dated 1 November 2013 entered into between Guangdong Huicong Household Appliance City Investment Co., Ltd.* (廣東慧聰家電城投資有限公司), a non-wholly-owned subsidiary of the Group (the “Subsidiary”) and China Huaxi Corporation Limited (中國華西企業有限公司) in relation to the construction and construction management works of the Huicong Household Appliances City Project at the contract price of RMB308,880,000;
- (d) the placing and subscription agreement dated 27 September 2013 entered into between the Company, Mr. Guo Fansheng and Mr. Guo Jiang (collectively, the “Vendors”), Jefferies Hong Kong Limited, Oriental Patron Securities Limited and First Shanghai Securities Limited (collectively, the “Placing Agents”), in relation to the placing by or on behalf of the Placing Agents of up to 72,000,000 Shares sold by the Vendors at the placing price of HK\$7.50 per Share, and the subscription by the Vendors for up to 72,000,000 new Shares to be issued by the Company to the Vendors at a subscription price of HK\$7.50 per Share;
- (e) the transfer contract for land use rights of state-owned land (國有土地使用權出讓合同書) dated 5 February 2013 entered into between the Subsidiary and The Land Construction and Water Conservancy Bureau of Shunde, Foshan (佛山市順德區國土城建和水利局) for the purchase by the Subsidiary of land use rights of a land with a planned land area of 43,964.82 square meters 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 at a consideration of RMB334,480,000; and

- (f) 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.

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. MATERIAL ADVERSE CHANGE

The Directors are not aware of any material adverse change in the financial or trading position of the Company and its subsidiaries since 31 December 2012, the date to which the latest published financial statements of the Group were made up.

9. QUALIFICATION AND CONSENT OF EXPERT

- (a) The following sets out the qualifications of the expert who has given an opinion or advice on the information contained in this circular:

Name	Qualifications
Kingsway	a licensed corporation to carry on Type 1 (dealing in securities) and Type 6 (advising on corporate finance) regulated activities under the SFO

- (b) As at the Latest Practicable Date, Kingsway had no interest, direct or indirect, in any member of the Group or any right (whether legally enforceable or not) to subscribe for or to nominate persons to subscribe for securities in any member of the Group.
- (c) As at the Latest Practicable Date, Kingsway has no interest, direct or indirect, in any assets, contracts and other interest which relates to the Group.
- (d) Kingsway has given and has not withdrawn its written consent to the issue of this circular with its letter or report included in the form and context in which it is included.

10. 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 two independent non-executive Directors, Mr. Zhang Ke and Mr. Xiang Bing and a non-executive Director, Mr. Li Janguang. Mr. Zhang Ke is the chairman of the audit committee. The primary duties of the audit committee are to review and supervise the financial reporting process and internal control procedures of the Group.

Mr. Zhang is an independent non-executive director of SEEC Media Group Limited (stock code: 205), a company listed on the Stock Exchange, an independent director of E-Commerce China Dangdang Inc., a company listed on the New York Stock Exchange, an independent director of Guiyang Longmaster Information & Technology Co., Ltd (貴陽朗瑪信息技術股份有限公司), a company listed on the Shenzhen Stock Exchange. Up to 28 October 2010, he was an independent non-executive director of Air China Limited. Up to 1 February 2013, Mr. Zhang was an independent non-executive director of China Coal Energy Company Limited (中國中煤能源股份有限公司).

Mr. Xiang is currently an independent non-executive director of China Dongxiang (Group) Co., Ltd. (stock code: 3818), Dan Form Holdings Company Limited (Stock Code: 271), Enerchina Holdings Limited (stock code: 622), Sinolink Worldwide Holdings Limited (stock code: 1168), Longfor Properties Co. Ltd. (stock code: 960), and Peak Sport Products Co., Limited

(stock code: 1968), all of which are companies listed on the Stock Exchange. Dr. Xiang is also an independent non-executive Director of Guangzhou Automobile Group Co., Ltd (Stock code: 2238, and also listed on Shenzhen Stock Exchange. Dr. Xiang is also an independent director of E-House (China) Holdings Limited, both companies are listed on New York Stock Exchange; an independent non-executive director of Perfect World Co., Ltd, a NASDAQ-listed company; an independent director of Yunnan Baiyao Group Co., Ltd. (雲南白藥集團股份有限公司) and Shaanxi Qinchuan Machinery Development Co., Ltd. (陝西秦川機械發展股份有限公司), all of which are listed on the Shenzhen Stock Exchange. He was also an independent non-executive director of Little Sheep Group Limited, a company listed on Stock Exchange up to 1 February 2012, and an independent director of LDK Solar Co., Ltd., up to 31 May 2013.

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

11. DOCUMENTS AVAILABLE FOR INSPECTION

Copies of the following documents are available for inspection during normal business hours at the principal place of business of the Company in Hong Kong at Room 3907-08, 39/F, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong from the date of this circular up to and including the date of the EGM:

- (a) the memorandum and articles of association of the Company;
- (b) the Joint Venture Agreement;
- (c) the letter from the Board, the text of which is set out on pages 4 to 10 of this circular;
- (d) the letter from the Independent Board Committee, the text of which is set out on page 11 of this circular;
- (e) the letter from the Independent Financial Adviser, the text of which is set out on pages 12 to 17 of this circular;
- (f) the written consent referred to in the paragraph headed "Qualification and Consent of Expert" in this appendix;
- (g) the material contracts referred to in the paragraph headed "Material Contracts" in this appendix;
- (h) the annual reports of the Company for the three financial years ended 31 December 2010, 2011 and 2012, respectively;

- (i) the interim report of the Company for the six months ended 30 June 2013;
- (j) the quarterly reports of the Company for the three months ended 31 March 2013 and for the nine months ended 30 September 2013, respectively; and
- (k) this circular.

NOTICE OF EGM



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)

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 Thursday, 9 January 2014, 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:

- (a) the joint venture agreement entered into between the Company and Digital China Holdings Limited dated 4 December 2013 (the “Joint Venture Agreement”, a copy of which has been produced to the Meeting and marked “A” and initialed by the chairman of the Meeting for identification purpose) in relation to the establishment of a joint venture company in the People’s Republic of China, and all the transactions contemplated thereunder, be and are hereby approved, confirmed and ratified; and
- (b) any one director of the Company be and is hereby authorised to do all such acts and things and signed, agreed, ratify or execute all such documents and take all such actions as the director in his discretion may consider necessary, appropriate, desirable or expedient to implement, give effect to or in connection with the Joint Venture Agreement and any of the transactions contemplated thereunder.”

By order of the Board
HC International, Inc.

Guo Jiang

Chief Executive Officer and Executive Director

Beijing, PRC, 20 December 2013

* *For identification purposes only*

NOTICE OF EGM

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.