HC INTERNATIONAL, INC.
慧聰網有限公司*

(incorporated in the Cayman Islands with limited liability)

(Stock Code: 02280)
(Stock Code: 05839)

(1) VERY SUBSTANTIAL DISPOSAL, MAJOR TRANSACTION AND CONNECTED TRANSACTION: PROPOSED DISPOSAL OF THE ENTIRE EQUITY INTEREST IN BEIJING ZHIXING RUIJING FOR CERTAIN SHARES IN SHANGHAI GANGLIAN AND CASH; (2) PROPOSED CONTINUING CONNECTED TRANSACTIONS IN RELATION TO STRUCTURED CONTRACTS; (3) DISCLOSEABLE TRANSACTION AND CONNECTED TRANSACTION: PROPOSED DISPOSAL OF XIZANG RUIJING; (4) CONNECTED TRANSACTION: PROPOSED OFF-MARKET SHARE BUY-BACKS; AND (5) RESUMPTION OF TRADING

Financial adviser to the Company

金融有限公司
OCTAL Capital Limited

FRAMEWORK AGREEMENT

The Board is pleased to announce that, on 26 April 2016 (after trading hours), Beijing Huicong Construction and Xizang Ruijing as the Vendors, the Company and the Purchaser entered into the Framework Agreement pursuant to which, inter alia, the Vendors have conditionally agreed to sell, and the Purchaser has conditionally agreed to acquire, the Target Interest, which represents the entire equity interest in Beijing Zhixing Ruijing, for the Total Consideration initially estimated to be RMB2,080,000,000 (equivalent to approximately HK$2,476,190,000). The final amount of the Total Consideration shall be determined with reference to, amongst others, the Asset Valuation Report and subject to further agreements to be entered into between the parties to the Framework Agreement and shall not be more than RMB2,080,000,000.

The Total Consideration shall be satisfied partly by the Consideration Issue and partly by payment of the Cash Consideration. In view of the intention of the Purchaser and the Group to involve the key management of Beijing Zhixing Ruijing in the Disposal and provide them with incentives to manage and run Beijing Zhixing Ruijing after the Disposal, the Group will indirectly transfer up to 40% of the Total Consideration to the Zhixing Ex-Shareholders pursuant to the Reward Mechanism if the New Performance Targets for each of the New Performance Undertaking Years have been met. Please refer to the paragraph headed " Supplemental Partnership Agreement" for details.

To facilitate the Disposal and implementation of the Reward Mechanism, the Reorganization is proposed to be carried out before the completion of the Disposal. For the purpose of the Reorganization, the Equity Transfer Agreement, the Asset Transfer Agreement and the Termination Agreement have also been entered into by the Group on 26 April 2016. Immediately upon completion of the Reorganization, Beijing Zhixing Ruijing will be owned as to 60% by Beijing Huicong Construction and as to 40% by Xizang Ruijing. In light of the Reorganization, Beijing International Information has entered into the Management and Operations Agreement with Beijing Huicong Construction and the PRC Equity Owners on 26 April 2016. Pursuant to the Management and Operations Agreement, Beijing International Information will conditionally provide management and operation services, whereas Beijing Huicong Construction will conditionally pay a service fee equal to the net income.

SUPPLEMENTAL PARTNERSHIP AGREEMENT

To align the interest of the Zhixing Ex-Shareholders with the Group upon the Completion, Beijing Huicong Construction has entered into the Supplemental Partnership Agreement with the Zhixing Ex-Shareholders on 26 April 2016 for the Reward Mechanism, i.e. if the New Performance Target of the relevant New Performance Undertaking Year can be met, Beijing Huicong Construction will (i) transfer an agreed percentage of the partnership equity and the corresponding percentage of the capital amounts contributed by Beijing Huicong Construction in Xizang Ruijing to the Zhixing Ex-Shareholders at a consideration in an amount equal to the relevant capital amounts contributed by Beijing Huicong Construction in Xizang Ruijing, and (ii) procure Xizang Ruijing to declare the Cash Consideration received by Xizang Ruijing as dividend to the Zhixing Ex-Shareholders.

SUPPLEMENTAL DEED AND PROPOSED OFF-MARKET SHARE BUY-BACKS

In view of the Reward Mechanism, on 26 April 2016, the Company entered into the Supplemental Deed with NAVI-IT and the Zhixing Ex-Shareholders pursuant to which the Company conditionally agreed to buy back and the Zhixing Ex-Shareholders conditionally agreed to sell, or procure to sell, the Buy-Backs Shares at nil consideration subject to the terms and conditions of the Supplemental Deed. The Buy-Backs are in effect for the purpose of implementing the Reward Mechanism through which the Group will indirectly transfer up to 40% of the Total Consideration to the Zhixing Ex-Shareholders if the New Performance Targets for each of the New Performance Undertaking Years have been met. As such, although the consideration for the Buy-Backs set out in the Supplemental Deed is nil, the actual maximum consideration for the Buy-Backs shall be the 40% of the Total Consideration of approximately RMB832,000,000.

BUY-BACKS CODE IMPLICATION

The Buy-Backs constitute an off-market share buy-back by the Company under the Buy-Backs Code. The Company will make an application to the Executive for approval of the Buy-Backs pursuant to Rule 2 of the Buy-Backs Code. The Executive's approval, if granted, will be conditional upon, among other things, approval of the Buy-Backs by at least three-fourths of the votes cast on a poll by the Disinterested Shareholders at the EGM.

LISTING RULES IMPLICATIONS

As (i) one or more of the applicable percentage ratio(s) of the Disposal is/are more than 75%, (ii) one or more than one of the applicable percentage ratio(s) for the Acquisition is/are more than 25% but less than 100%, (iii) Mr. Guo, an executive Director and chief executive officer of the Company and thus a connected person of the Company, is involved in the transactions contemplated under the Framework Agreement (being a party to each of the Termination Agreement, the Equity Transfer Agreement and one of the five proposed subscribers of the Purchaser Fund Raising); and (iv) Mr. Liu, a director of Beijing Zhixing Ruijing (a subsidiary of the Company) and thus a connected person of the Company, is involved in the transactions contemplated under the Framework Agreement (being a party to each of the Termination Agreement and the Equity Transfer Agreement), the transactions contemplated under the Framework Agreement, the Termination Agreement, the Equity Transfer Agreement and the Asset Transfer Agreement constitute a very substantial disposal and a major transaction of the Company under Chapter 14 of the Listing Rules and a deemed connected transaction of the Company under Chapter 14A of the Listing Rules and are subject to the reporting, announcement and independent shareholders' approval requirements.

As (i) one or more of the applicable percentage ratio(s) of the transaction contemplated under the Supplemental Partnership Agreement is/are more than 5% but less than 25%, and (ii) Mr. Liu, a director of Beijing Zhixing Ruijing (a subsidiary of the Company) and thus a connected person of the Company, is a party to the Supplemental Partnership Agreement, the transactions contemplated under the Supplemental Partnership Agreement constitute a discloseable transaction of the Company under Chapter 14 of the Listing Rules and a connected transaction of the Company under Chapter 14A of the Listing Rules and are subject to the reporting, announcement and independent shareholders' approval requirements.

As (i) one or more of the applicable percentage ratio(s) of the transaction contemplated under the Supplemental Deed is/are more than 5%, and (ii) Mr. Liu, a director of Beijing Zhixing Ruijing (a subsidiary of the Company) and thus a connected person of the Company, is a party to the Supplemental Deed, the transactions contemplated under the Supplemental Deed constitute a connected transaction of the Company under Chapter 14A of the Listing Rules and are subject to the reporting, announcement and independent shareholders' approval requirements under Chapter 14A of the Listing Rules.

As (i) one or more of the applicable percentage ratio(s) in respect of the proposed annual caps for the transactions contemplated under the Management and Operations Agreement exceed(s) 5% and, (ii) Mr. Guo, an executive Director and chief executive officer of the Company, and Mr. Guo Fansheng, an executive Director and the Chairman of the Board, both being connected persons of the Company, are parties to the Management and Operations Agreement, the transactions contemplated under the Management and Operations Agreement constitute a continuing connected transaction of the Company under Chapter 14A of the Listing Rules. The Management and Operations Agreement and the related proposed annual caps are subject to the reporting, announcement, annual review and the independent shareholders' approval requirements under Chapter 14A of the Listing Rules.

As the entering into of the Management and Operations Agreement will amount to a variation to the Original Contractual Arrangements, the Management and Operations Agreement and the transactions contemplated under the Management and Operations Agreement are subject to the independent Shareholders' approval requirement.

GENERAL

The Independent Board Committee for Buy-Backs comprising all of the two non-executive Directors, namely, Mr. Li Jianguang and Mr. Guo Wei who are not interested or involved in the Transactions or related to Mr. Guo or Mr. Guo Fansheng, and the three independent non-executive Directors, namely, Mr. Zhang Ke, Mr. Xiang Bing and Mr. Zhang Tim Tianwei, has been established to consider the Transactions (including the Buy-Backs) and to give recommendation to the Disinterested Shareholders as to how to vote on the resolution(s) to be proposed at the EGM in relation to the Transactions (including the Buy-Backs). An independent financial adviser will be appointed with approval of the Independent Board Committee for Buy-Backs to advise the Independent Board Committee for Buy-Backs and the Disinterested Shareholders on the Transactions (including the Buy-Backs).

The Independent Board Committee, comprising all of the three independent non-executive Directors, namely, Mr. Zhang Ke, Mr. Xiang Bing and Mr. Zhang Tim Tianwei, has been established to consider the Transactions and to give recommendation to the Shareholders as to how to vote on the resolution(s) to be proposed at the EGM in relation to the Transactions. An independent financial adviser will be appointed with approval of the Independent Board Committee to advise the Independent Board Committee and the Shareholders on the Transactions. For the avoidance of doubt, only the Disinterested Shareholders are entitled to vote at the EGM.

An EGM will be convened at which resolutions will be proposed to seek the Disinterested Shareholders' approval of, among others, the Transactions. A circular containing information as required to be disclosed under the Listing Rules and the Buy-Backs Code and the notice of the EGM will be despatched to the Shareholders within 15 business days from the date of this announcement pursuant to the Listing Rules and within 21 days from the date of this announcement pursuant to the Buy-Backs Code.

RESUMPTION OF TRADING

At the request of the Company, trading in the shares (stock code: 02280) of the Company and the debt securities (stock code: 05839) of the Company on the Stock Exchange was suspended with effect from 9:00 a.m. on 27 April 2016 pending the release of this announcement. An application has been made by the Company to the Stock Exchange for the resumption of trading in the shares (stock code: 02280) of the Company and the debt securities (stock code: 05839) of the Company with effect from 9:00 a.m. on 9 May 2016.

As Completion is subject to the fulfilment of the conditions, the Transactions may or may not proceed. Shareholders and investors should exercise caution when dealing in the securities of the Company.

Reference is made to the announcements of the Company dated 25 February 2016 and 16 March 2016 in relation to, amongst others, the possible disposal of certain assets by the Group in exchange for certain equity interest in a company established in the PRC.

FRAMEWORK AGREEMENT

Date: 26 April 2016 (after trading hours)

Parties:

(1) Beijing Huicong Construction;

(2) Xizang Ruijing (together with Beijing Huicong Construction as the Vendors);

(3) the Company;

(4) the Purchaser.

To the best of the Directors' knowledge, information and belief having made all reasonable enquiry, the Purchaser is an Independent Third Party as at the date of this announcement. Beijing Huicong Construction is owned as to 50% by Mr. Guo Fansheng (the chairman of the Board and an executive Director) and 50% by Mr. Guo (the chief executive officer of the Company and an executive Director). Mr. Guo Fansheng and Mr. Guo are shareholders of Beijing Huicong Construction appointed by the Company to hold the entire equity interests of Beijing Huicong Construction. Xizang Ruijing is a limited partnership held by Beijing Huicong Construction as the general partner and the Zhixing Ex-Shareholders as the limited partners.

To the best of the Directors' knowledge, information and belief having made all reasonable enquiries, save for the Zhixing Ex-Shareholders' interest in the Buy-Back Shares, each of the Zhixing Ex-Shareholders (except for Mr. Liu, being a director of Beijing Zhixing Ruijing) are Independent Third Parties.

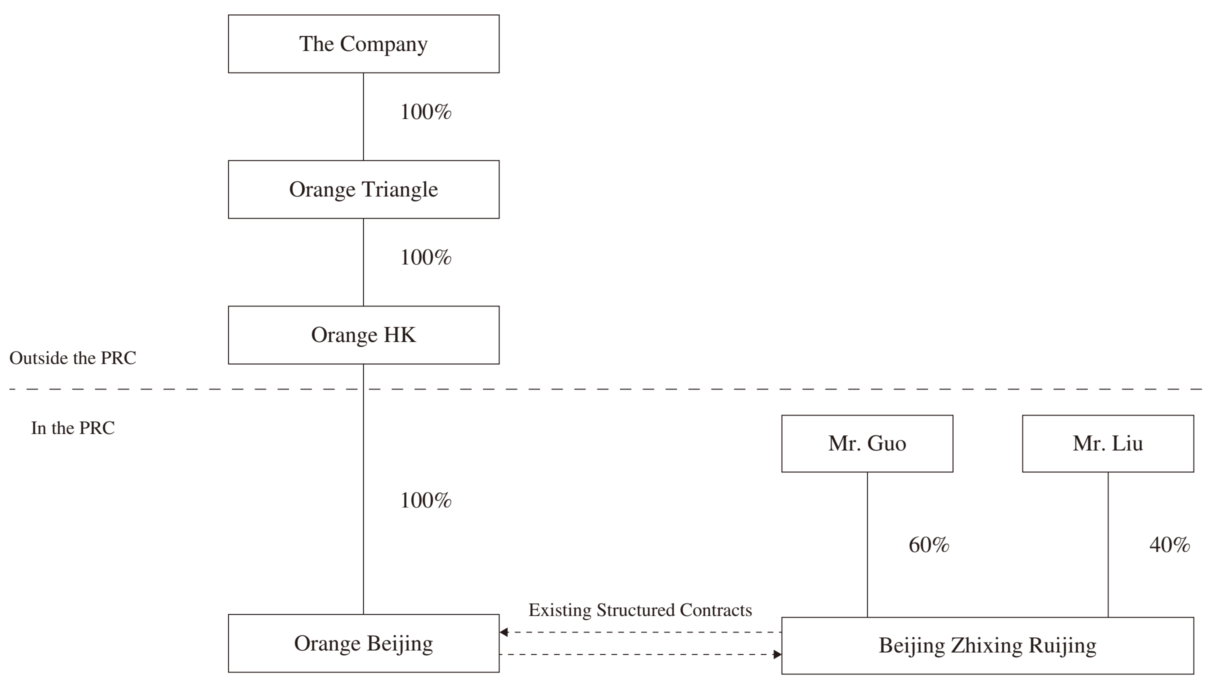
Assets proposed to be disposed of

The Purchaser has conditionally agreed to acquire, and the Vendors have conditionally agreed to sell, the Target Interest, representing the entire equity interest in Beijing Zhixing Ruijing. Upon Completion, Beijing Zhixing Ruijing will cease to be a subsidiary of the Company.

Reorganization

In order to implement the Disposal, the Company shall undergo the Reorganization with respect to its existing IT vertical website assets, businesses and manpower as set out in the Framework Agreement. Immediately upon completion of the Reorganization, Beijing Zhixing Ruijing shall independently operate the Target Business and Beijing Zhixing Ruijing shall be owned as to 60% by Beijing Huicong Construction and as to 40% by Xizang Ruijing.

The following simplified diagram illustrates the flow of economic benefits from Beijing Zhixing Ruijing to Orange Beijing stipulated under the Existing Structured Contracts immediately before the Reorganization:



The material terms of the Reorganization are set out below:

(1) the existing shareholders of Beijing Zhixing Ruijing, i.e. Mr. Guo and Mr. Liu, shall transfer their entire equity interest in Beijing Zhixing Ruijing to Beijing Huicong Construction and Xizang Ruijing. After such transfer, Beijing Zhixing Ruijing will be owned as to 60% by Beijing Huicong Construction and as to 40% by Xizang Ruijing (to effect the same, the Equity Transfer Agreement has been entered into by the Group);

(2) the Company and other companies controlled by the Company shall transfer all the assets, manpower, contracts, etc. relevant to the operation of Beijing Zhixing Ruijing to Beijing Zhixing Ruijing (to effect the same, the Asset Transfer Agreement has been entered into by the Group);

(3) the Existing Structured Contracts shall be terminated (to effect the same, the Termination Agreement has been entered into by the Group); and

(4) the Reorganization is subject to the approval of the Shareholders at the EGM. It is expected that the Reorganization shall be completed within 15 business days after having sought the Shareholders' approval at the EGM.

Conditions Precedent

The Completion shall be conditional upon and subject to the satisfaction of, among others, the following conditions:

(1) the Framework Agreement becoming effective;

(2) the Shareholders having approved the Framework Agreement and the transactions contemplated thereunder at a general meeting;

(3) the Reorganization having been completed in accordance with the terms of Reorganization set out in the Framework Agreement.

Effectiveness of the Framework Agreement

The Framework Agreement shall be effective upon the fulfillment of, among others, all of the following conditions:

(1) the board of directors and shareholders of the Purchaser having passed the resolutions approving the Disposal and the Acquisition; and

(2) the Disposal and the Acquisition having obtained the approval of the CSRC.

Completion

The Completion Date shall be determined by the Vendors, the Company and the Purchaser upon the transactions contemplated under the Framework Agreement being approved by the CSRC, but in any event shall be within 60 days from the satisfaction or waiver (where applicable) of all the Conditions Precedent.

Unless otherwise agreed, if the Vendors cannot complete the industrial and commercial registration modification for the Target Interest within six months from the date of approval of the CSRC of the transactions contemplated under the Framework Agreement, the Purchaser shall have the right to terminate the Framework Agreement.

Within five business days from the Completion Date, the Purchaser should also engage an accountants' firm with the relevant qualifications to conduct capital verification and issue a capital verification report in relation to subscription of the Consideration Shares by the Vendors in consideration of the Target Assets. After the issue of the capital verification report, the Vendors and the Purchaser should apply to the clearing company to register Consideration Shares under the names of the Vendors. The Purchaser shall ensure that the Consideration Shares are registered under the names of the Vendors within 15 business days from the Completion Date.

Within 3 business days from the completion of the registration of the issue of shares under the Purchaser Fund Raising, the Purchaser shall make a one-off payment of the Cash Consideration to the Vendors to their designated accounts, but in any event not later than the 60th day from the Completion Date.

Consideration

The Total Consideration is initially estimated to be RMB2,080,000,000 (equivalent to approximately HK$2,476,190,000).

The Total Consideration shall be determined after arm's length negotiations between the Vendors and the Purchaser with reference to (1) the valuation of the Target Assets based on the Asset Valuation Report and (2) the operating conditions of Beijing Zhixing Ruijing and prospect of the industry. It is expected that parties to the Framework Agreement will enter into a separate supplemental agreement to determine the final Total Consideration upon the finalization of the Asset Valuation Report by the end of June 2016.

In any event, the Total Consideration shall not be more than RMB2,080,000,000.

The Total Consideration shall be satisfied in the following manner:

(a) as 67% of the Total Consideration, by the allotment and issue of the Consideration Shares by the Purchaser to the Vendors; and

(b) as to 33% of the Total Consideration, payment of the Cash Consideration by the Purchaser to the Vendors.

Pursuant to the Framework Agreement, the parties agree that the Total Consideration shall be split between Bejing Huicong Construction and Xizang Ruijing in the proportion of 60% and 40%.

The Issue Price is currently fixed at RMB36.49 per Consideration Share (subject to adjustments as mentioned below), which:

(i) is 90% of the volume-weighted average price of the Purchaser (i.e. total trading turnover divided by total trading volume) quoted on the Shenzhen Stock Exchange for the 20 trading days immediately before the Price Determination Date; and

(ii) represents a discount of approximately 20.36% to the closing price of RMB45.82 per share of the Purchaser as quoted on the Shenzhen Stock Exchange on 24 February 2016, being the last trading date of the Purchaser immediately before its suspension from 25 February 2016.

The number of shares of the Purchaser to be issued to Beijing Huicong Construction and Xizang Ruijing shall be calculated in accordance with the following formula:

Number of Consideration Shares = Total Consideration x 67% ÷ Issue Price

The Issue Price was arrived at after arm's length negotiations between the Vendors and the Purchaser and in accordance with the rules of the Shenzhen Stock Exchange. The Directors consider that the Issue Price is fair and reasonable.

The number of Consideration Shares to be finally issued and the Issue Price will be subject to adjustments in the event of, amongst others, any payment of dividend, allotment of shares and increase of share capital of the Purchaser during the period from the Price Determination Date up to the issue date of the Consideration Shares (the "**Adjustment Mechanism**").

Based on the maximum Total Consideration and assuming the Issue Price is RMB36.49 per Consideration Share, (i) Beijing Huicong Construction shall receive RMB411,840,000 in cash and 22,914,771 Consideration Shares and (ii) Xizang Ruijing shall receive RMB274,560,000 in cash and 15,276,514 Consideration Shares.

Purchaser Fund Raising

The Purchaser shall also raise funds in the total amount of not more than RMB2,080,000,000 from five specific investors by allotting and issuing shares of the Purchaser. The issue price for such shares shall not be less than the Issue Price and shall also be subject to the Adjustment Mechanism detailed above. One of the proposed subscribers of the Purchaser Fund Raising is Mr. Guo.

It is agreed that the Purchaser Fund Raising shall not be a condition precedent of the Disposal and the Acquisition. If the Purchaser Fund Raising is not approved by the CSRC or cannot be wholly or partially implemented, it does not affect the implementation of the Disposal and the Acquisition.

Lock-up period

The Consideration Shares shall be subject to a lock-up period of 36 months after their allotment and issue during which no transfer of any of the Consideration Shares by the Vendors is permitted (the "**Lock-up Period**").

During the Lock-up Period, the Vendors may attach mortgages, pledges, guarantees, priorities or other third-party rights to not more than 80% of the number of released Consideration Shares to be determined in accordance with the following formula:

The number of released Consideration Shares for each of the year ending 31 December 2016, 31 December 2017 and 31 December 2018 will be as follows:

= A x B – C

Where:

A = the total number Consideration Shares obtained under the Framework Agreement;

B = 30% for the year ending 31 December 2016;
30% for the year ending 31 December 2017;
40% for the year ending 31 December 2018; and

C = the number of Consideration Shares compensated by the Vendors to the Purchaser for the relevant year in accordance with the Framework Agreement.

Performance Undertaking

The Vendors has undertaken that Beijing Zhixing Ruijing shall achieve the New Performance Target for each New Performance Undertaking Year during the New Performance Undertaking Period as follows:

New Performance Undertaking Year	**Net profit as set out in the audited results of Beijing Zhixing Ruijing**
Year ending 31 December 2016 (“**First Performance Undertaking Year**”)	RMB130,000,000
Year ending 31 December 2017 (“**Second Performance Undertaking Year**”)	RMB169,000,000
Year ending 31 December 2018 (“**Third Performance Undertaking Year**”)	RMB219,700,000

The net profit for the First Performance Undertaking Year is calculated as follows:

= (A + B + C) X (1 – D)

Where:

A = the audited operating profit of Beijing Zhixing Ruijing for the year ending 31 December 2016;

B = the audited operating profit of Orange Beijing prior to the termination of the Existing Structured Contracts;

C = the intellectual property usage fee payable by Beijing Zhixing Ruijing to Orange Triangle prior to the termination of the Existing Structured Contracts; and

D = the effective tax rates of Beijing Zhixing Ruijing i.e. the tax rates including the research and development deduction, disabled persons deduction and other tax incentives divided by profit before tax.

The net profits for the Second Performance Undertaking Year and the Third Performance Undertaking Year refer to the net profits attributable to shareholders of parent company after deduction of non-recurring profit and loss.

If the net profit in any of the New Performance Undertaking Years is less than the New Performance Target in the corresponding year, Xizang Ruijing shall, depending on the performance rate of the New Performance Targets, compensate the Purchaser with (1) an agreed number of shares of the Purchaser and/or (2) an agreed amount of cash on a yearly basis with stipulated maximum amounts in accordance with the terms of the Framework Agreement as follows (assuming that the Total Consideration is RMB 2,080,000,000):

(1) If the performance rate of the New Performance Target for any one of the New Performance Undertaking Years is more than or equal to 80% but less than 100%, Xizang Ruijing will have to compensate with shares of the Purchaser (up to a maximum of approximately 27.99%, 27.99% and 37.31% of Xizang Ruijing's split of the Consideration Shares for each of the New Performance Undertaking Years respectively).

(2) If the performance rate of the New Performance Target for any one of the New Performance Undertaking Years is less than 80%, Xizang Ruijing will have to compensate with shares of the Purchaser as well as cash (up to a maximum of 30%, 30% and 40% of Xizang Ruijing's split of the Consideration Shares and Cash Consideration for each of the New Performance Undertaking Years respectively).

Beijing Huicong Construction shall also, depending on the performance rate, compensate the Purchaser with (1) an agreed number of shares of the Purchaser and/or (2) an agreed amount of cash on a yearly basis with stipulated maximum amounts in accordance with the terms of the Framework Agreement as follows:

(1) If the performance rate of the New Performance Target for any one of the New Performance Undertaking Years is more than or equal to 50% but less than 80%, Beijing Huicong Construction will have to compensate with shares of the Purchaser (up to a maximum of approximately 16.79%, 16.79% and 22.39% of Beijing Huicong Construction's split of the Consideration Shares for each of the New Performance Undertaking Years respectively).

(2) If the performance rate of the New Performance Target for any one of the New Performance Undertaking Years is less than 50%, Beijing Huicong Construction will have to compensate with shares of the Purchaser as well as cash (up to a maximum of 30%, 30% and 40% of Beijing Huiong Construction's split of the Consideration Shares and a maximum of approximately 1.59%, 1.59% and 2.12% of Beijing Huicong Construction's split of the Cash Consideration for each of the New Performance Undertaking Years respectively).

Under the expected arrangement, if the New Performance Targets cannot be met, Xizang Ruijing shall make compensation before Beijing Huicong Construction in accordance with the Framework Agreement. Therefore, the maximum compensation in cash by Beijing Huicong Construction only amounts to approximately 5.3% of its split of the Cash Consideration. Pursuant to this arrangement, compensation would first be made from Xizang Ruijing (which the Zhixing Ex-Shareholders are interested in). The Zhixing Ex-Shareholders will, through Xizang Ruijing, obtain 40% of the Total Consideration if the New Performance Targets are met for each of the New Performance Undertaking Year. Therefore, the Group is of the view that this arrangement would give incentives to the Zhixing Ex-Shareholders to achieve the New Performance Targets and this arrangement would also be to the benefits and interest of the Company.

For the avoidance of doubt, in the scenario where the New Performance Targets for each of the New Performance Undertaking Years are met, Xizang Ruijing and Beijing Huicong Construction will not be required to release any of their splits of Consideration Shares and Cash Consideration. In the scenario where the New Performance Targets fall below 50% for each of the New Performance Undertaking Years, Xizang Ruijing will be required to compensate all of its split of Consideration Shares and Cash Consideration while Beijing Huicong Construction will be required to compensate all of its split of Consideration Shares and approximately 5.3% of its split of Cash Consideration.

Shall the Vendors fail to compensate the Purchaser in accordance with the terms of the Framework Agreement for failure to fulfill any New Performance Target, the Company shall be responsible for compensating the deficient amount. The obligation of the Vendors and the Company to compensate the Purchaser pursuant to the Framework Agreement shall, in any event, be not more than the Total Consideration received by them in aggregate from the Disposal and the Acquisition.

Composition of directors

Upon completion of the Disposal and Acquisition, the board of directors of the Purchaser shall consist of 9 directors, among which 3 shall be independent directors and 6 shall be shareholders-represented directors. Each of Beijing Huicong Construction and Xizang Ruijing shall be entitled to nominate 1 shareholders-represented director.

Acquisition of shares in the Purchaser

Part of the Total Consideration will be satisfied by the Purchaser to the Vendors on Completion by the allotment and issue of the Consideration Shares to the Vendors. Based on the initial estimated amount of the Total Consideration, the number of Consideration Shares will be 38,191,285 such Consideration Shares will represent (i) approximately 19.67% of the issued share capital of the Purchaser as enlarged by the Consideration Issue (assuming that there is no other change to the Purchaser after the date of this announcement and without taking into account the Purchaser Fund Raising) and (ii) approximately 15.20% of the issued share capital of the Purchaser as enlarged by the Consideration Issue and 57,001,918 shares of the Purchaser to be issued at the Issue Price upon completion of the Purchaser Fund Raising.

The receipt of the Consideration Shares by the Group amounts to an acquisition of certain issued share capital in the Purchaser by the Group.

Upon completion of the Disposal and Acquisition, the Company would effectively hold 19.67% equity interest of the Purchaser and is entitled to nominate 2 out of 9 directors of the Purchaser through Beijing Huicong Construction and Xizang Ruijing. However, there would be several uncertain factors, including the potential Purchaser Fund Raising which may dilute the Company's equity interest in the Purchaser, as well as the uncertainty in relation to the level of influence of the 2 directors over the board of directors of the Purchaser that can be demonstrated.

As confirmed with the Company's auditor, after considering all the existing circumstance and uncertain factors, the Company's 19.67% equity investment in the Purchaser shall be accounted as available for sale financial asset in the Company's accounts.

MANAGEMENT AND OPERATIONS AGREEMENT

Date: 26 April 2016 (after trading hours)

Parties:

(1) Beijing International Information;

(2) Beijing Huicong Construction;

(3) Mr. Guo; and

(4) Mr. Guo Fansheng (Mr. Guo and Mr. Guo Fansheng are together referred to as the "**PRC Equity Owners**").

Services:

Pursuant to the Management and Operations Agreement, Beijing Huicong Construction will appoint Beijing International Information as its exclusive services provider of management and operations services. Such services include all necessary services within the scope of Beijing Huicong Construction's and its subsidiaries business, such as but not limited to business consultations, marketing consultancy, technical services, intellectual properties licenses, product research and development, system maintenance, as well as general corporate management.

Fees:

Beijing Huicong Construction shall pay Beijing International Information such service fees equivalent to the amount of Beijing Huicong Construction's (and its subsidiaries) revenue deducted by Beijing Huicong Construction's (and its subsidiaries') expenses (including Beijing Huicong Construction's (and its subsidiaries) costs, depreciation, other expenses and payments, and relevant tax payments incurred during the term of the Management and Operations Agreement), loss covered by Beijing Huicong Construction (and its subsidiaries) and the relevant reserve fund extracted by Beijing Huicong Construction and its subsidiaries. The service fee shall be calculated within three months since the end of each financial year based on the audited report prepared in accordance with the PRC Accounting Standards for Business Enterprises and paid within 15 days of the issuance date of such audited report.

Term:

The Management and Operations Agreement shall be effective upon execution and the obtaining of the Shareholders' approval of the transactions contemplated under the Management and Operations Agreement and shall remain to be effective as long as Beijing Huicong Construction subsists. The parties agree that the Management and Operations Agreement can be terminated by Beijing International Information by giving 30 days' written notice.

The proposed annual caps for the transactions contemplated under the Management and Operations Agreement for the three years ending 31 December 2018 shall be RMB130,000,000, RMB169,000,000 and RMB219,700,000, respectively, being the expected maximum sums received by the Group under the Management and Operations Agreement. The unaudited net profits after tax of Beijing Zhixing Ruijing for the years ended 31 December 2014 and 31 December 2015 are approximately RMB1,323,000 and approximately RMB42,954,000 respectively. The annual caps were determined with reference to (1) the operating performance of Beijing Zhixing Ruijing, (2) the business prospect of Beijing Zhixing Ruijing, (3) the historical figures for the net profits after tax of Beijing Zhixing Ruijing; (4) the contracts on hand; (5) the amount of the Old Performance Targets with an element of growth rate applied and the New Performance Targets for the year ending 31 December 2016; and (6) an annual growth rate of 30% in each of the two years ending 31 December 2018.

The Directors (excluding the independent non-executive Directors whose views will be set out in the circular) consider that (i) the Management and Operations Agreement and the transactions contemplated thereunder were entered into on normal commercial terms in the ordinary and usual course of business of the Company after arm's length negotiation, and that the terms of the Management and Operations Agreement and the transactions contemplated thereunder are fair and reasonable and in the interests of the Company and the Shareholders as a whole; and (ii) the amounts of the annual caps for the transactions contemplated under the Management and Operations Agreement are fair and reasonable.

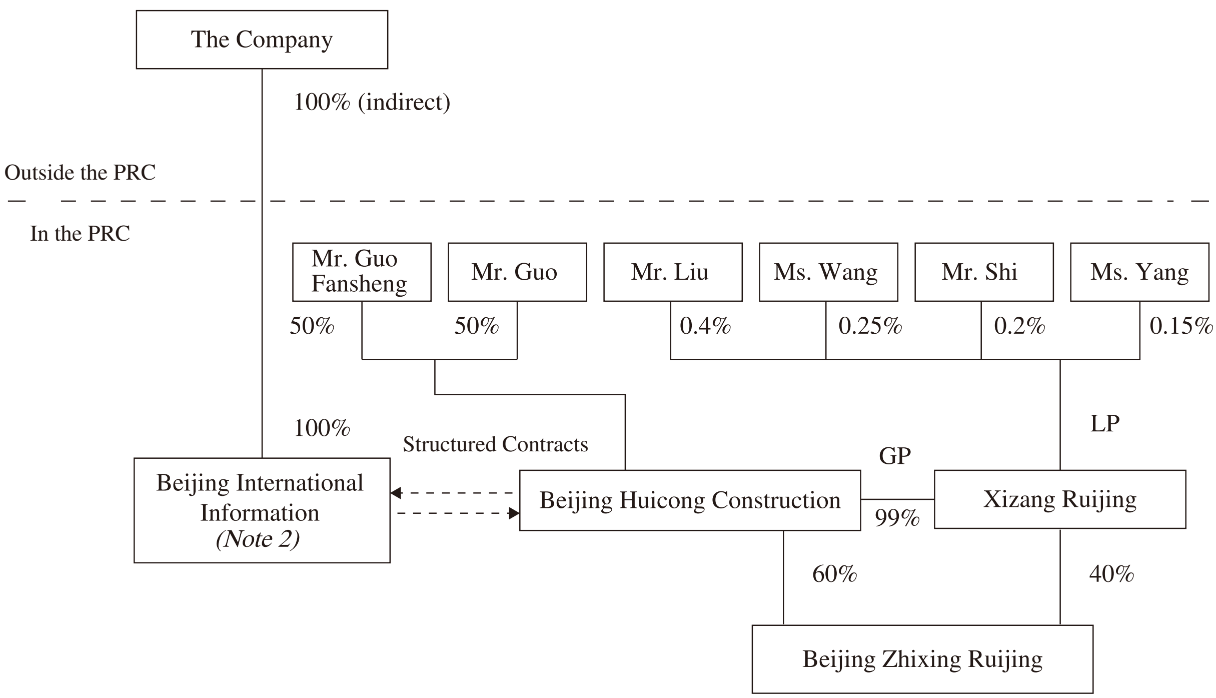
Structured Contracts:

Beijing Huicong Construction is the holder of relevant telecommunication and information services business operation licence (ICP licence). In order for Beijing Huicong Construction to operate its online services businesses, the Group has, through its indirect wholly-owned subsidiary, Beijing International Information, entered into the Domain Names and the Trademarks Licence Agreement, the Technology Services Agreement, the Online Information Distribution Agreement and the Online Advertisement Publication Agreement in 2002 (as supplemented by the supplemental agreements in 2004, 2007, 2009, 2011 and 2014) and the Exclusive Option Agreement, the Equity Pledge Agreement and the Powers of Attorney in 2014.

While Beijing Huicong Construction operates the Group's online platform as holder of the ICP licence, Beijing International Information has been entering into relevant agreements with users of its on-line services and business agreements with third parties directly, and income generated from such on-line services business are paid by users to Beijing International Information directly. As such, Beijing International Information enjoys the economic benefits and bears the economic risks of such on-line services business, and it was not necessary for the Group to enter into agreement to effect the transfer of all profits and losses of Beijing Huicong Construction from Beijing Huicong Construction to Beijing International Information. However, upon completion of the Reorganization, Beijing Zhixing Ruijing will become a subsidiary of Beijing Huicong Construction, and the profit of Beijing Zhixing Ruijing will afterwards be recognized under the accounts of Beijing Huicong Construction. In order to transfer the profits and losses of Beijing Huicong Construction (and thus of Beijing Zhixing Ruijing) to the Group, the Management and Operations Agreement would be required.

Save for the entering into of the Management and Operations Agreement, the remaining Structured Contracts among Beijing International Information, Beijing Huicong Construction and the PRC Equity Owners namely (i) the Domain Names and Trademarks Licence Agreement, (ii) the Technology Services Agreement, (iii) the Online Information Distribution Agreement, (iv) the Online Advertisement Publication Agreement, (v) the Exclusive Option Agreement, (vi) the Equity Pledge Agreement and (vii) the Powers of Attorney remain unchanged. For further details of these structured contracts, please refer to the announcement of the Company dated 25 September 2014.

The following simplified diagram illustrates the flow of economic benefits from the VIE Group to Beijing International Information under the Contractual Arrangements immediately upon completion of the Reorganization but before the Completion:



Notes:

1. "GP" means Beijing Huicong Construction is a general partner of Xizang Ruijing; whereas "LP" means Mr. Liu, Ms. Wang, Mr. Shi and Ms. Yang are limited partners of Xizang Ruijing.

2. Beijing International Information enters into relevant agreements with users of its on-line services and business agreements with third parties directly and income generated will be paid by users to the Group (as controlled by equity interests) directly.

SUPPLEMENTAL PARTNERSHIP AGREEMENT

On 24 March 2016, Beijing Huicong Construction and the Zhixing Ex-Shareholders entered into a partnership agreement (the "**Partnership Agreement**"), pursuant to which a limited partnership, Xizang Ruijing was formed in which Beijing Huicong Construction is a general partner and Mr. Liu, Ms. Wang, Mr. Shi and Ms. Yang are limited partners, contributing 99% and 0.4%, 0.25%, 0.2% and 0.15% of the capital amounts to the partnership respectively and each being titled to 99% and 1% partnership equity of Xizang Ruijing, respectively. The total capital amounts to be contributed by Beijing Huicong Construction and the Zhixing Ex-Shareholders to Xizang Ruijing is RMB30,000,000 (as to RMB29,700,000 by Beijing Huicong Construction, RMB120,000 by Mr. Liu, RMB 75,000 by Ms. Wang, RMB60,000 by Mr. Shi and RMB45,000 by Ms. Yang). As at the date of this announcement, the amount of capital value paid up by Beijing Huicong Construction to Xizang Ruijing is nil.

Set out below are the principal terms of the Supplemental Partnership Agreement:–

Date: 26 April 2016 (after trading hours)

Parties:

(1) Beijing Huicong Construction; and

(2) the Zhixing Ex-Shareholders.

To the best of the Directors' knowledge, information and belief having made all reasonable enquiries, save for the Zhixing Ex-Shareholders' interest in the Buy-Back Shares, each of the Zhixing Ex-Shareholders (except for Mr. Liu, being a director of Beijing Zhixing Ruijing) and his/her ultimate beneficial owners are Independent Third Parties.

Subject matter:

The Supplemental Partnership Agreement is supplemental to the Partnership Agreement.

As part of the Reward Mechanism, the parties agree that, if the New Performance Target of the relevant Performance Undertaking Year is achieved, Beijing Huicong Construction shall transfer the following partnership equity with the corresponding paid-up capital value to the Zhixing Ex-Shareholders at a consideration in the amount equal to the relevant paid-up capital amount:

	% of partnership equity
First Performance Undertaking Year	29%
Second Performance Undertaking Year	30%
Third Performance Undertaking Year	40%

The above-mentioned consideration was determined with reference to the amount of capital amount paid-up by Beijing Huicong Construction.

Each of the Zhixing Ex-Shareholders shall receive the partnership equity and the corresponding paid-up capital amount transferred by Beijing Huicong Construction in accordance with the proportion of the actual capital contribution of each limited partners.

For the avoidance of doubt, in the scenario where the New Performance Targets for each of the New Performance Undertaking Years are met, the Zhixing Ex-Shareholders will be entitled to 100% interest in Xizang Ruijing. In the scenario where none of the New Performance Targets for each of the New Performance Undertaking Years are met, the Zhixing Ex-Shareholders will remain to be interested in 1% of Xizang Ruijing.

Upon completion of the industrial and commerce registration for the change in 99% partnership equity in Xizang Ruijing by Beijing Huicong Construction, it will cease to be a general partner of Xizang Ruijing. Xizang Ruijing's limited partners shall choose a general partner among themselves.

The parties agree that the Cash Consideration to be received by Xizang Ruijing under the Framework Agreement shall be distributed to the limited partners as dividend (the "**Dividend**") within 30 days upon receipt. Each limited partner shall receive the Dividend in accordance with the proportion of the actual capital contribution of each limited partners.

If Beijing Zhixing Ruijing does not meet the New Performance Targets in any of the New Performance Undertaking Years and Xizang Ruijing shall make compensation in cash (or with shares of the Purchaser from the Consideration Issue first and for shares of the Purchaser purchased from secondary market in case of the Purchaser's shares then held by Xizang Ruijing being not sufficient for compensation with shares in accordance with the Framework Agreement, the limited partners shall return to Xizang Ruijing the Dividend in the amount to be compensated by Xizang Ruijing to the Purchaser under the Framework Agreement (the "**Cash Compensation**").

Effectiveness of the agreement:

The Supplemental Partnership Agreement will come into effect upon the fulfillment of, among others, the approval of the transactions contemplated under the Supplemental Partnership Agreement in the Shareholders' meeting:

THE SUPPLEMENTAL DEED AND PROPOSED OFF-MARKET SHARE BUY-BACKS

The principal terms of the Supplemental Deed are set out below:

Date: 26 April 2016 (after trading hours)

Parties: (i) the Company, as purchaser;

(ii) NAVI-IT; and

(iii) the Zhixing Ex-Shareholders as vendors.

To the best of the Directors' knowledge, information and belief having made all reasonable enquiries, save for the Zhixing Ex-Shareholders' interest in the Buy-Back Shares, each of the Zhixing Ex-Shareholders (except for Mr. Liu, being a director of Beijing Zhixing Ruijing) and his/her ultimate beneficial owners are Independent Third Parties.

Buy-Backs Shares

Subject to the terms and conditions of the Supplemental Deed, the Company conditionally agreed to buy back and each of the Zhixing Ex-Shareholders conditionally agreed to sell the Buy-Backs Shares free and clear from all encumbrances and together with all rights attaching to them, including all rights to any dividend or other distribution declared made or paid, the record date of which is on or after the date of Buy-Backs Completion.

The HC Consideration Shares represents approximately 17.01% of the issued share capital of the Company as at the date of this announcement. It is expected that the Buy-Backs Completion would take place by the end of 2016. By then the 1st Batch HC Consideration Shares (for the performance undertaking year ending 30 June 2016) should have already been released to the Zhixing Ex-Shareholders or their wholly-owned company or repurchased by the Company (depending on whether the relevant performance target has been met) in accordance with the terms of the Sale and Purchase Agreement. As such, the Buy-Backs would only involve the 2nd Batch HC Consideration Shares and the 3rd Batch HC Consideration Shares, and i.e. 88,958,115 Shares, which represent approximately 9.72% of the issued share capital of the Company as at the date of this announcement.

Consideration

The total consideration for the Buy-Back Shares is nil, which was determined following arm's length commercial negotiations between the Company and the Zhixing Ex-Shareholders, taking into account of the Reward Mechanism.

The Buy-Backs are in effect for the purpose of implementing the Reward Mechanism through which the Group will indirectly transfer up to 40% of the Total Consideration to the Zhixing Ex-Shareholders if the New Performance Targets for each of the New Performance Undertaking Years have been met. As such, although the consideration for the Buy-Backs set out in the Supplemental Deed is nil, the actual maximum consideration for the Buy-Backs shall be the 40% of the Total Consideration of approximately RMB832,000,000.

Buy-Backs Conditions

Completion of the Supplemental Deed is conditional upon the satisfaction of the following conditions:

(1) the Disinterested Shareholders having approved the transactions contemplated under the Supplemental Deed in accordance with the requirements of the Listing Rules, the Buy-Backs Code and other applicable laws and regulations, and having approved the manner of Buy-Backs in accordance with the requirements of the Company's memorandum and articles of association;

(2) the Executive having granted and not having withdrawn his approval of the Buy-Backs;

(3) no mandatory offer for the Shares and other securities of the Company under Rule 26 of the Takeovers Code is required to be made as a result of the transactions contemplated under the Supplemental Deed;

(4) no notice, order, judgment, action or proceeding of any court, arbitrator, authority, statutory or regulatory body having been served, issued or made which restrains, prohibits or makes unlawful any transaction contemplated by the Supplemental Deed;

(5) in addition to the approvals and consents referred to in (1) and (2) above, all necessary approvals and consents required to be obtained by the Company from any authority or other third party in respect of the Supplemental Deed and/or the transactions contemplated thereunder having been obtained unconditionally and irrevocably, or where such approval or consent is given subject to conditions, on such conditions as are reasonably acceptable to the Company; and

(6) the due execution of the Framework Agreement and completion of the transactions contemplated thereunder.

If the Buy-Backs Conditions are not satisfied or waived on or before the Buy-Backs Long Stop Date, the Supplemental Deed shall automatically lapse, provided, amongst others, that the lapse of the Supplemental Deed shall be without prejudice to the rights and liabilities of any party to the Supplemental Deed accrued prior to such lapse. Since the resolutions to approve each of the Transactions (including the Buy-Backs) would be made inter conditional upon one another, if the Buy-Backs are not approved, the Transactions would not proceed.

To the best knowledge of the Directors, the transactions contemplated under the Supplemental Deed would not trigger any mandatory general offer for the Shares or other securities of the Company under Rule 26 of the Takeovers Code, and accordingly, Buy-Backs Condition (3) above is expected to be satisfied.

Buy-Backs Completion

Buy-Backs Completion shall take place on the date of fulfilment of the Buy-Backs Conditions or such other time as the Company may direct.

The Directors confirmed that the Buy-Backs, upon becoming unconditional, would be completed as soon as practicable and it is targeted that the Buy-Backs Completion shall take place simultaneously with the completion of the Consideration Issue, subject to external factors' restrictions such as time gap due to time required for completion of filing procedures of the Buy-Backs in accordance with the Companies Law.

At Buy-Backs Completion:

(1) the Company, each of the Zhixing Ex-Shareholders or his/her Designated Person shall jointly instruct the Escrow Agent to release the Escrow Documents and the Buy-Back Shares and all dividends attached to the Buy-Back Shares (if any) to the Company on the date of Buy-Backs Completion and procure the termination of the Escrow Agreements immediately upon such release;

(2) each of the Zhixing Ex-Shareholders or his/her Designated Person shall be deemed to unconditionally and automatically authorise the Company to fill in the amount of the Buy-Back Shares and date the Pre-signed Documents and to do such other action to give effect to the Buy-Backs on behalf of the relevant the Zhixing Ex-Shareholder or his/her Designated Person; and

(3) the Zhixing Ex-Shareholders shall deliver or cause to be delivered to the Company any documents as the Company may reasonably require so as to give effect to the terms of the Supplemental Deed.

Following Buy-Backs Completion, the Buy-Back Shares will be cancelled in accordance with the Companies Law.

Pursuant to the Sale and Purchase Agreement, the Zhixing Ex-Shareholders have undertaken that Orange Triangle, Orange HK, Orange Beijing and Beijing Zhixing Ruijing shall achieve certain performance targets for three years from 1 July 2015 and, if:–

(i) during the said period, the performance targets cannot be met, the Company shall repurchase an agreed portion of the HC Consideration Shares at a total consideration of RMB1; and

(ii) Orange Triangle, Orange HK, Orange Beijing and Beijing Zhixing Ruijing shall achieve less than RMB70,000,000 after-tax profit for the year ending 30 June 2016, the Company has absolute discretion to unwind the Sale and Purchase Agreement ((i) and (ii) together, the "**Original Mechanism**").

Further details of the Original Mechanism are set out in the paragraphs headed "The Sale and Purchase Agreement – Performance Targets and Adjustment mechanism" and "The Sale and Purchase Agreement – Buy back mechanism" in the announcement of the Company dated 8 May 2015.

These provisions in the Sale and Purchase Agreement in relation to the Original Mechanism will cease to have any effect upon Buy-Backs Completion.

REASONS FOR AND BENEFITS OF THE SUPPLEMENTAL DEED AND THE BUY-BACKS

The Original Mechanism is not only a price adjustment mechanism of the Sale and Purchase Agreement and was structured as an incentive for the Zhixing Ex-Shareholders to achieve the performance targets as set out in the Sale and Purchase Agreement (the "**Old Performance Targets**"). If the Old Performance Targets have been met, the Company would be required to release an aggregate of 155,684,485 Shares (including the Buy-Backs Shares) to the Zhixing Ex-Shareholders under the Sale and Purchase Agreement.

If the New Performance Targets for each of the New Performance Undertaking Years have been met, the Group will indirectly transfer up to 40% of the Total Consideration to the Zhixing Ex-Shareholders pursuant to the Reward Mechanism.

Although the difference between 40% of the maximum Total Consideration of approximately RMB832,000,000 and the fair value of the Buy-Backs Shares of approximately RMB491,049,000 calculated based on the 88,958,115 Buy-Backs Shares at the closing price of HK$7.00 (equivalent to approximately RMB5.52) per Share as quoted on the Stock Exchange on 3 July 2015, being the issue date of the HC Consideration Shares, amounts to approximately RMB340,951,000 (the "**Implied Value of the Buy-Backs**"), the Company is of the view that Reward Mechanism and the Buy-Backs are justifiable based on the followings:

(1) since the New Performance Targets are 30% higher which are more difficult to achieve than the Old Performance Targets and the Zhixing Ex-Shareholders are at the risk of losing all Buy-Backs Shares without any shares in the Purchaser nor cash being given in return if the New Performance Targets are all the same as the amounts originally undertaken under the Sale and Purchase Agreement, the Group believes that it is necessary to provide advantages to the Zhixing Ex-Shareholders to attract them to agree to participate in the Transactions;

(2) if the Zhixing Ex-Shareholders are not willing to participate in the Transactions, the Group would not be able to close the deal with the Purchaser as the direct participation of key management of Beijing Zhixing Ruijing is a key request of the Purchaser;

(3) avoid the duplication of (i) releasing of the HC Consideration Shares to the Zhixing Ex-Shareholders pursuant to the Sale and Purchase Agreement if the Old Performance Targets could be met and (ii) the Reward Mechanism;

(4) the Buy-Backs are part and parcel of the Disposal, which is expected to bring a net gain in the amount of RMB428,677,000 to the Group (as mentioned below in the paragraph headed "Reasons and Benefits of the Disposal and Acquisition" on page 29); and

(5) the reasons and benefits as a result of the Disposal and the Acquisition, in particular, allowing the parties to have opportunities in the business of upstream and downstream B2B and commodities trading in the future and creating a synergy effect that would be beneficial to the Group and the Shareholders as a whole.

Meanwhile, given, (i) the Company is of the view that replacement of the Original Mechanism with the Reward Mechanism can effectively reduce the Group's administrative burden and costs when compared to having the Original Mechanism and the Reward Mechanism in operation simultaneously; and (ii) the close relationship between the Zhixing Ex-Shareholders (being long term business partners whom intend to act coordinately), it has not been possible to negotiate a new arrangement that would only include the two Zhixing Ex-Shareholders that are key management of Beijing Zhixing Ruijing (being Mr. Liu and Ms. Wang) but exclude the two others, all four Zhixing Ex-Shareholders are included in the Reward Mechanism despite the fact that only Mr. Liu and Ms. Wang are key management of Beijing Zhixing Ruijing.

In view of the above, the Directors (excluding the members of Independent Board Committee for Buy-Backs whose views will be set out in the circular) consider that the terms of the Supplemental Deed are fair and reasonable and the Buy-Backs are in the interests of the Company and the Shareholders as a whole.

EFFECTS ON SHAREHOLDING STRUCTURE OF THE COMPANY

The following table illustrates the Company's shareholding structure (i) as at the date of this announcement; and (ii) immediately upon completion of the Buy-Backs Shares:

Name of Shareholder	As at the date of this announcement		Immediately upon completion of the Buy-Backs	
	Number of Shares	*% of total issued Shares (approx.)*	*Number of Shares*	*% of total issued Shares (approx.)*
Directors and their associate(s)				
Guo Jiang and his spouse	81,858,771	8.94	81,858,771	9.91
Guo Fansheng	57,749,015	6.31	57,749,015	6.99
Callister Trading Limited *(Note 1)*	32,000,384	3.50	32,000,384	3.87
Lee Wee Ong	3,350,672	0.37	3,350,672	0.41
Substantial Shareholders				
Talent Gain Developments Limited *(Note 2)*	142,621,107	15.58	142,621,107	17.26
Unique Golden Limited *(Note 2)*	23,408,000	2.56	23,408,000	2.83
Zhixing Ex-Shareholders				
Mr. Liu	62,273,794	6.81	26,690,548	3.23
Ms. Wang	38,921,121	4.25	16,681,593	2.02
Mr. Shi	31,136,897	3.40	13,345,274	1.61
Ms. Yang	23,352,673	2.55	10,008,955	1.21
Sub-total	155,684,485	17.01	66,726,370 *(Note 3)*	8.07
Other public Shareholders	418,557,669	45.73	418,557,669	50.66
Total	915,230,103	100	826,271,988	100

Notes:

1. The entire share capital of Callister Trading Limited is owned by Mr. Li Jianguang, a non-executive Director.

2. Unique Golden Limited is wholly and beneficially owned by Talent Gain Developments Limited, which in turn is wholly and beneficially owned by Digital China (BVI) Limited and indirectly wholly and beneficially owned by Digital China Holdings Limited, a company whose shares are listed on the Stock Exchange (stock code: 861). Therefore, each of Talent Gain Developments Limited, Digital China (BVI) Limited and Unique Golden Limited are deemed to be interested in the Shares owned by Digital China Holdings Limited.

3. Since the Buy-Backs would only involve buy-backs of the 2nd Batch HC Consideration Shares and the 3rd Batch HC Consideration Shares, these shares represent the 1st Batch HC Consideration Shares, assuming that the Zhixing Ex-Shareholders do not hold any other Shares at the time of completion of the Buy-Backs.

INFORMATION ON THE ZHIXING EX-SHAREHOLDERS

The Zhixing Ex-Shareholders or their Designated Person(s) are the legal and beneficial owners of NAVI-IT, the vendor to the Sale and Purchase Agreement. As at the date of this announcement, each of Mr. Liu, Ms. Wang, Mr. Shi and Ms. Yang or their respective Designated Person(s) is interested in 6.80%, 4.25%, 3.40% and 2.55% of the issued share capital of the Company respectively.

Both Mr. Liu and Ms. Wang are senior management members of Beijing Zhixing Ruijing. Mr. Liu is the general manager of Beijing Zhixing Ruijing responsible for overall business management and strategic planning of Beijing Zhixing Ruijing. Ms. Wang is the director of department general management of Beijing Zhixing Ruijing responsible for the management of human resources, finance and administration in Beijing Zhixing Ruijing. Mr. Liu and Ms. Wang are expected to continue to perform their existing roles in Beijing Zhixing Ruijing upon completion of the Transactions. Mr. Shi and Ms. Yang are not involved in the business operation of Beijing Zhixing Ruijing. Save and except for the aforesaid, the Zhixing Ex-Shareholders are not otherwise related to the Group.

BUY-BACKS CODE IMPLICATION

The Buy-Backs constitute an off-market share buy-back by the Company under the Buy-Backs Code. The Company will make an application to the Executive for approval of the Buy-Backs pursuant to Rule 2 of the Buy-Backs Code. The Executive's approval, if granted, will be conditional upon, among other things, approval of the Buy-Backs by at least three-fourths of the votes cast on a poll by the Disinterested Shareholders at the EGM.

OTHER DISCLOSURE PURSUANT TO THE TAKEOVERS CODE

The Company confirms that as at the date of this announcement:

(1) save for the Supplemental Deed, there is no arrangement (whether by way of option, indemnity or otherwise) of any kind referred to in Note 8 to Rule 22 of the Takeovers Code in relation to the Shares and which might be material to the Buy-Backs;

(2) save for the Framework Agreement and the Supplemental Deed, there is no agreement or arrangement to which the Company is a party which relates to circumstances in which it may or may not seek to invoke a pre-condition or a condition to the Buy-Backs;

(3) the Company has not received any irrevocable commitment to approve or vote against the Supplemental Deed and the Buy-Backs; and

(4) save for (i) the outstanding 15,032,000 share options granted under share option scheme of the Company adopted on 30 November 2003 pursuant to which Shares may be issued and allotted, (ii) the convertible bonds with an outstanding principal amount of HK$780,000,000 (pursuant to which 68,062,827 Shares may be issued and allotted assuming full conversion at the initial conversion price of HK$11.46 (subject to adjustment)), and (iii) the convertible bonds with an outstanding principal amount of HK$100,712,500 (pursuant to which 10,071,250 Shares may be issued and allotted assuming full conversion at the initial conversion price of HK$10 (subject to adjustment)), there is no outstanding derivative in respect of the securities in the Company entered into by the Company.

INFORMATION ON BEIJING ZHIXING RUIJING

Beijing Zhixing Ruijing is a limited liability company established in the PRC on 11 September 2014 with registered capital of RMB10,000,000 and paid up capital of RMB10,000,000. As at the date of this announcement, the registered capital of Beijing Zhixing Ruijing is owned as to 60% by Mr. Guo (the chief executive officer of the Company and an executive Director) and 40% by Mr. Liu, a shareholder of the Company and a director of several subsidiaries of the Company. Mr. Guo and Mr. Liu are shareholders of Beijing Zhixing Ruijing appointed by the Company to hold the entire equity interest in Beijing Zhixing Ruijing.

Beijing Zhixing Ruijing is mainly engaged in the operation of the websites under the key domain names www.zol.com.cn (中關村在線) ("**ZOL**") and www.zol.com (中關村商城) in the PRC. In particular, ZOL offers content mainly relating to IT-related products such as handsets and accessories, wearable devices, computers (desktop, laptop and tablets), camera, computer hardware and software, gaming, audio and video products, home appliances, office equipment and automobile accessories. At present, ZOL has registered users of over 40 million and the daily visitors reached around 150 million which covers over 70% of the IT users in the PRC. Meanwhile, the customers of ZOL include most of the leading international and domestic manufacturers of IT-related products.

As disclosed in the Group's annual report for the year ended 31 December 2015, the Group acquired 100% equity interest of Orange Triangle and its subsidiaries, and also acquired the control over Beijing Zhixing Ruijing by entering into a series of structured contracts via a wholly-owned subsidiary of Orange Triangle. The original acquisition costs were RMB1,299,997,000.

The audited consolidated financial information of the Company has been prepared at group level and no separate audited financial statements for Beijing Zhixing Ruijing has been prepared. Based on the management accounts of Beijing Zhixing Ruijing, the total assets value and the net assets value of Beijing Zhixing Ruijing as at 31 December 2015 were approximately RMB160,261,000 and approximately RMB61,388,000 respectively. The financial information of the Beijing Zhixing Ruijing for the two years ended 31 December 2014 and 2015 are as follows:

	Year ended 31 December 2014 (approximately) *RMB* (unaudited)	**Year ended 31 December 2015 (approximately)** *RMB* (unaudited)
Net profit before taxation	1,487,000	53,388,000
Net profit after taxation	1,323,000	42,954,000

INFORMATION ON THE PURCHASER

The Purchaser is a company incorporated in the PRC with limited liability, the shares of which are listed on the Shenzhen Stock Exchange (Stock code: 300226). The Purchaser is an E-Commerce operator of B2B information and transaction for steels and other commodities.

The audited total assets value and the net assets value of the Purchaser as at 31 December 2015 were approximately RMB1,871,875,000 and approximately RMB77,231,000 respectively. The financial information of the Purchaser for the two years ended 31 December 2014 and 2015 are as follows:

	Year ended 31 December 2014 (approximately) *RMB* (audited)	**Year ended 31 December 2015 (approximately)** *RMB* (audited)
Net profit/(loss) before taxation	11,593,000	(442,343,000)
Net profit/(loss) after taxation	18,776,000	(250,385,000)

INFORMATION OF THE GROUP

Currently, the Group has five business segments, namely: (i) on-line services, (ii) trade catalogues and yellow page directories, (iii) seminars and other services, (iv) O2O household electrical appliances business exhibition centre and (v) anti-counterfeiting products and services.

The total assets value and the net assets value of the Company as at 31 December 2015 are approximately RMB5,687,042,000 and approximately RMB2,598,946,000 respectively. The financial information of the Company for the two years ended 31 December 2014 and 2015 are as follows:

	Year ended 31 December 2014 (approximately) *RMB* (audited)	**Year ended 31 December 2015 (approximately)** *RMB* (audited)
Net profit before taxation	221,088,000	33,326,000
Net profit after taxation	183,261,000	23,058,000

INFORMATION ON XIZANG RUIJING

On 24 March 2016, Beijing Huicong Construction and the Zhixing Ex-Shareholders entered into the Partnership Agreement, pursuant to which a limited partnership, Xizang Ruijing was formed in which Beijing Huicong Construction is a general partner and Mr. Liu, Ms. Wang, Mr. Shi and Ms. Yang are limited partners, contributing 99% and 0.4%, 0.25%, 0.2% and 0.15% of the capital amounts to the partnership respectively and each being titled to 99% and 1% partnership equity of Xizang Ruijing, respectively. The total amount of the capital amounts to be contributed by Beijing Huicong Construction and the Zhixing Ex-Shareholders to Xizang Ruijing is RMB30,000,000. As at the date of this announcement, the amount of capital value paid up by Beijing Huicong Construction to Xizang Ruijing is nil. Xizang Ruijing is principally engaged in investment holding.

As Xizang Ruijing has just been newly established, the profit before and after tax attributable to Xizang Ruijing for the two financial years preceding to the signing of the Framework Agreement are not available and no profit or loss was recorded for the period from 25 March 2016 (date of establishment) to the date of this announcement.

INFORMATION ON ORANGE TRIANGLE AND THE ASSETS

Orange Triangle is a limited liability company incorporated under the laws of the State of Delaware of the USA, a wholly-owned subsidiary of the Company. It wholly owns Orange HK which in turn wholly-owns Orange Beijing who entered into the Existing Structured Contracts with Beijing Zhixing Ruijing.

Orange Triangle owns the Assets which comprise certain domain names, registered trademarks and other intellectual property rights.

As at 31 December 2015, the book value of the Assets was RMB94,300,000.

FINANCIAL EFFECTS OF THE DISPOSAL

Immediately upon the Completion, Beijing Zhixing Ruijing will cease to be a subsidiary of the Company and the Company will cease to have any interest in Beijing Zhixing Ruijing except for the interest through the Group's equity interest in the Purchaser.

Based on the unaudited management account of Beijing Zhixing Ruijing as at 31 March 2016, the Directors expect to recognise an unaudited gain of approximately RMB769,386,000, being the difference between (a) the sum of (i) the Total Consideration for the Disposal of RMB2,080,000,000 and (ii) the carrying amount of deferred tax liabilities arising from the Disposal of approximately RMB92,910,000 and (b) the sum of (i) the net assets of Beijing Zhixing Ruijing of approximately RMB46,538,000 as at 31 March 2016; (ii) the financial assets through profit or loss arising from the Disposal of RMB5,100,000; and (iii) the carrying amount of the intangible assets arising from the Disposal of approximately RMB1,351,886,000. The actual gain or loss as a result of the Disposal to be recorded by the Group is subject to audit and is to be determined based on the final Total Consideration, the amount of the net assets of Beijing Zhixing Ruijing at the Completion and the potential accounting impact on the Reward Mechanism.

FINANCIAL EFFECTS OF THE PROPOSED DISPOSAL OF XIZANG RUIJING

Immediately upon completion of the Reorganization, Beijing Zhixing Ruijing will be owned as to 60% by Beijing Huicong Construction and as to 40% by Xizang Ruijing. The parties agree that the Total Consideration shall be split between Beijing Huicong Construction and Xizang Ruijing in the proportion of 60% and 40%. Each of the Zhixing Ex-Shareholders shall receive the partnership equity and the corresponding paid-up capital amount transferred by Beijing Huicong Construction in accordance with the proportion of their actual capital contribution.

In view of the Reward Mechanism, pursuant to Supplemental Deed, the Company conditionally agreed to buy back and the Zhixing Ex-Shareholders conditionally agreed to sell, or procure to sell, the Buy-Backs Shares of 88,958,115 Shares at nil consideration.

Assuming 100% of the Reward Mechanism completed and upon completion of the industrial and commerce registration for the change in 99% partnership equity in Xizang Ruijing by Beijing Huicong Construction, it will cease to be a general partner of Xizang Ruijing, Xizang Ruijing's limited partners shall choose a general partner among themselves and accordingly, the Zhixing Ex-Shareholders shall receive RMB274,560,000 in cash and 15,276,514 Consideration Shares.

Based on the estimated Total Consideration for the Disposal of RMB2,080,000,000 and the fair value of the 88,958,115 Buy-Backs Shares of approximately RMB491,291,000 based on the closing price of HK$7.00 (equivalent to approximately RMB5.52) per Share as quoted on the Stock Exchange on 3 July 2015, being the issue date of the HC Consideration Shares, the Directors expect to recognise an unaudited loss of approximately RMB340,709,000 for the disposal of Xizang Ruijing (if materializes), being the difference between (a) 40% of the estimated Total Consideration of approximately RMB832,000,000 and (b) the fair value of the Buy-Backs Shares of approximately RMB491,291,000 as at 31 March 2016. The actual gain or loss as a result of the disposal of Xizang Ruijing to be recorded by the Group is subject to audit and is to be determined based on the final Total Consideration.

REASONS AND BENEFITS OF THE DISPOSAL AND ACQUISITION

The Company expects that the Disposal and the Acquisition would enhance the value of the Group as a whole as a gain is expected to be recorded by the Group and the Consideration Shares are expected to be issued to the Group at a discount.

Based on the maximum Total Consideration of RMB2,080,000,000, it is expected that the net proceeds from Cash Consideration in the amount of approximately RMB680,400,000 will be used in the following manners:

(i) RMB274,560,000 will be distributed to the limited partners, being Zhixing Ex-Shareholders, as Dividend upon Xizang Ruijing received all of its share of the Cash Consideration from the Purchaser pursuant to the Supplemental Partnership Agreement; and

(ii) the rest will be used for potential acquisition of vertical website businesses and general working capital of the Group.

Furthermore, as the Purchaser is an E-Commerce operator of B2B information and transaction for steels and other commodities and the Company is a domestic B2B E-Commerce operator mainly for small and medium enterprises. It is expected that the parties would have opportunity to cooperate with each other in the business of upstream and downstream B2B and commodities trading in the future, creating a synergy effect that would be beneficial to the Group and the Shareholder as a whole.

The fulfilment of the New Performance Targets would be beneficial to both the Purchaser and the Group, as such it is the intention of both the Purchaser and the Group to involve the key management of Beijing Zhixing Ruijing in the Disposal and provide them with incentives to manage and run Beijing Zhixing Ruijing. The Purchaser and the Group are both of the view that (i) shareholdings entitlement in the Purchaser would be an appropriate incentive as it would align the interests of the Purchaser, the Group and the Zhixing Ex-Shareholders where the Zhixing Ex-Shareholders would be able to enjoy appreciation in value of the shares in the Purchaser and possible declaration of dividend as a result of good financial performance of Beijing Zhixing Ruijing, which would be consolidated in the Purchaser's accounts upon Completion; and (ii) Cash Compensation in the event of failure to fulfil the New Performance Targets would be an effective penalty on the Zhixing Ex-Shareholders. The Reward Mechanism has therefore been designed to link the fulfilment of the New Performance Targets with the shareholdings in the Purchaser that the Zhixing Ex-Shareholders can obtain and the Cash Consideration that the Zhixing Ex-Shareholders can keep.

The Dividend serves as an initial incentive to the Zhixing Ex-Shareholders who will be primarily responsible for managing the Beijing Zhixing Ruijing to meet the New Performance Targets. Taking into account that (i) there is a mechanism of the Zhixing Ex-Shareholders returning the Cash Consideration received in the event that, among others, Xizang Ruijing is required to compensate the Purchaser with cash; and (ii) the fulfillment of the New Performance Targets would benefit the Company and its Shareholders as a whole, the Directors are of the view that the distribution of the Dividend, which forms part of the overall arrangement under the Framework Agreement and related transaction contemplated thereunder, is in the interests in the Company and its Shareholders.

In addition to the reasons mentioned above in the paragraph headed "Reasons for and benefits of the Supplemental Deed and the Buy-Backs" on pages 20 to 21, the Company is expected to record a net gain of approximately RMB428,677,000 as a results of a gain on disposal of approximately RMB769,386,000 in relation to the Disposal and a loss of disposal of Xizang Ruijing (if materialises) of approximately RMB340,709,000. As the completion of the Supplemental Deed and the Buy-Backs would occur only after completion of the transactions contemplated under the Framework Agreement and the Reward Mechanism will only be triggered over a span of three years when the New Performance Targets are met for the three years ending 31 December 2018, the Company consider that the merits and rationale of the Supplemental Deed and the Buy-Backs should be evaluated alongside with the transactions contemplated under the Framework Agreement. Thus, taking into account that (i) upon completion of the transactions contemplated under the Framework Agreement, the Company will become a shareholder of the Purchaser and will be able to consolidate the resources and network of the existing B2B information and transaction for steels and other commodities of the Purchaser and the Beijing Zhixing Ruijing business with a view to create synergy effect; (ii) the net gain of approximately RMB428,677,000 as a result of the financial impact as stated above; (iii) the nil consideration for the Buy-Backs implied a saving of approximately RMB491,049,000 calculated based on the 88,958,115 Buy-Backs Shares at the closing price of HK$7.00 (equivalent to approximately RMB5.52) per Share as quoted on the Stock Exchange on 3 July 2015, being the issue date of the HC Consideration Shares.

In light of the above, the Directors (excluding the independent non-executive Directors whose views will be set out in the circular) are of the view that the Transactions are fair and reasonable and taking into account, in particular, the expected gain to be recorded from the Disposal and Acquisition, the Transactions are in the interest of the Company and the Shareholders as a whole.

The resolutions to approve each of the Transactions at the EGM will made conditional upon the passing of all the others. Accordingly, all these resolutions being approved by the Disinterested Shareholders at the EGM are essential for the Company to proceed with any of the Transactions.

The Framework Agreement is conditional upon, among other things, completion of the Reorganisation. In the event that the Framework Agreement has not become unconditional due to failure to fulfill other Condition(s) Precedent and has lapsed notwithstanding completion of the Reorganisation:

(i) the Company did not intend to rescind the Reorganisation and the Management and Operations Agreement;

(ii) the Supplemental Deed shall lapse; and

(iii) the subject matters of the Supplemental Partnership Agreement, being the Consideration Shares and the Cash Consideration, would not be issued or paid.

LISTING RULES IMPLICATIONS

As (i) one or more of the applicable percentage ratio(s) of the Disposal is/are more than 75%, (ii) one or more than one of the applicable percentage ratio(s) for the Acquisition is/are more than 25% but less than 100%, (iii) Mr. Guo, an executive Director and chief executive officer of the Company and thus a connected person of the Company, is involved in the transactions contemplated under the Framework Agreement (being a party to each of the Termination Agreement, the Equity Transfer Agreement and one of the five proposed subscribers of the Purchaser Fund Raising); and (iv) Mr. Liu, a director of Beijing Zhixing Ruijing (a subsidiary of the Company) and thus a connected person of the Company, is involved in the transactions contemplated under the Framework Agreement (being a party to each of the Termination Agreement and the Equity Transfer Agreement), the transactions contemplated under the Framework Agreement, the Termination Agreement, the Equity Transfer Agreement and the Asset Transfer Agreement constitute a very substantial disposal and a major transaction of the Company under Chapter 14 of the Listing Rules and a deemed connected transaction of the Company under Chapter 14A of the Listing Rules and are subject to the reporting, announcement and independent shareholders' approval requirements.

As (i) one or more of the applicable percentage ratio(s) of the transaction contemplated under the Supplemental Partnership Agreement is/are more than 5% but less than 25%, and (ii) Mr. Liu, a director of Beijing Zhixing Ruijing (a subsidiary of the Company) and thus a connected person of the Company, is a party to the Supplemental Partnership Agreement, the transactions contemplated under the Supplemental Partnership Agreement constitute a discloseable transaction of the Company under Chapter 14 of the Listing Rules and a connected transaction of the Company under Chapter 14A of the Listing Rules and are subject to the reporting, announcement and independent shareholders' approval requirements.

As (i) one or more of the applicable percentage ratio(s) of the transaction contemplated under the Supplemental Deed is/are more than 5%, (ii) Mr. Liu, a director of Beijing Zhixing Ruijing (a subsidiary of the Company) and thus a connected person of the Company, is a party to the Supplemental Deed, the transactions contemplated under the Supplemental Deed constitute a connected transaction of the Company under Chapter 14A of the Listing Rules and are subject to the reporting, announcement and independent shareholders' approval requirements under Chapter 14A of the Listing Rules.

As (i) one or more of the applicable percentage ratio(s) in respect of the proposed annual caps for the transactions contemplated under the Management and Operations Agreement exceed(s) 5% and, and (ii) Mr. Guo, an executive Director and chief executive officer of the Company, and Mr. Guo Fansheng, an executive Director and the Chairman of the Board, both being connected persons of the Company, are parties to the Management and Operations Agreement; the transactions contemplated under the Management and Operations Agreement constitute a continuing connected transaction of the Company under Chapter 14A of the Listing Rules. The Management and Operations Agreement, the related proposed annual caps are subject to the reporting, announcement, annual review and the independent shareholders' approval requirements under Chapter 14A of the Listing Rules.

As the entering into of the Management and Operations Agreement will amount to a variation to the Original Contractual Arrangements, the Management and Operations Agreement and the transactions contemplated under the Management and Operations Agreement are subject to the independent shareholders's approval requirement.

GENERAL

The Independent Board Committee for Buy-Backs comprising all of the two non-executive Directors, namely, Mr. Li Jianguang and Mr. Guo Wei who are not interested or involved in the Transactions or related to Mr. Guo or Mr. Guo Fansheng and the three independent non-executive Directors, namely, Mr. Zhang Ke, Mr. Xiang Bing and Mr. Zhang Tim Tianwei, has been established to consider the Transactions (including the Buy-Backs) and to give recommendation to the Disinterested Shareholders as to how to vote on the resolution(s) to be proposed at the EGM in relation to the Transactions (including the Buy-Backs). An independent financial adviser will be appointed with approval of the Independent Board Committee for Buy-Backs to advise the Independent Board Committee the Transactions (including the Buy-Backs).

The Independent Board Committee comprising all of the three independent non-executive Directors, namely, Mr. Zhang Ke, Mr. Xiang Bing and Mr. Zhang Tim Tianwei, has been established to consider the Transactions and to give recommendation to the Shareholders as to how to vote on the resolution(s) to be proposed at the EGM in relation to the Transactions. An independent financial adviser will be appointed with approval of the Independent Board Committee to advise the Independent Board Committee and the Shareholders on the Transactions. For the avoidance of doubt, only the Disinterested Shareholders are entitled to vote at the EGM.

An EGM will be convened at which resolutions will be proposed to seek the Disinterested Shareholders' approval of, among others, the Transactions.

A circular containing, among others, (i) details of the Transactions; (ii) the letter from the Independent Board Committee giving its recommendation to the Shareholders on the transactions contemplated under the Transactions; (iii) the letter from the independent financial adviser containing its advice to the Independent Board Committee and the Shareholders on the Transactions; (iv) the letter from the Independent Board Committee for Buy-Backs giving its recommendation to the Disinterested Shareholders on the Transactions, (v) the letter from the independent financial adviser containing its advice to the Independent Board Committee for Buy-Backs and the Disinterested Shareholders on the Transactions; (vi) other information as required to be disclosed under the Listing Rules and the Buy-Backs Code; and (vii) the notice of the EGM will be despatched to the Shareholders, within 15 business days from the date of this announcement pursuant to the Listing Rules and within 21 days from the date of this announcement pursuant to the Buy-Backs Code.

RESUMPTION OF TRADING

At the request of the Company, trading in the shares (stock code: 02280) of the Company and the debt securities (stock code: 05839) of the Company on the Stock Exchange was suspended with effect from 9:00 a.m. on 27 April 2016 pending the release of this announcement. An application has been made by the Company to the Stock Exchange for the resumption of trading in the shares (stock code: 02280) of the Company and the debt securities (stock code: 05839) of the Company with effect from 9:00 a.m. on 9 May 2016.

As the Completion is subject to the fulfilment of the conditions, the Transactions may or may not proceed. Shareholders and investors should exercise caution when dealing in the securities of the Company.

DEFINITIONS

"1st Batch HC Consideration Shares"	an aggregate of 66,726,370 HC Consideration Shares to be released to the Zhixing Ex-Shareholders or his/her wholly-owned company if the performance target for the year ending 30 June 2016 has been met pursuant to the Sale and Purchase Agreement
"2nd Batch HC Consideration Shares"	an aggregate of 44,479,057 HC Consideration Shares to be released to the Zhixing Ex-Shareholders or his/her wholly-owned company if the performance target for the year ending 30 June 2017 has been met pursuant to the Sale and Purchase Agreement
"3rd Batch HC Consideration Shares"	an aggregate of 44,479,058 HC Consideration Shares to be released to the Zhixing Ex-Shareholders or his/her wholly-owned company if the performance target for the year ending 30 June 2018 has been met pursuant to the Sale and Purchase Agreement
"Acquisition"	the proposed acquisition of certain shares in the Purchaser by Beijing Huicong Construction and Xizang Ruijing as a result of the receipt of the Consideration Shares pursuant to the terms of the Framework Agreement
"Assets"	certain domain names, registered trademarks and other intellectual property rights owned by Orange Triangle
"Asset Transfer Agreement"	the conditional asset transfer agreement in respect of the transfer of the businesses of Beijing Zhixing Ruijing from Orange Triangle to Beijing Zhixing Ruijing entered into between Orange Triangle and Beijing Zhixing Ruijing dated 26 April 2016

"Asset Valuation Report"	the asset valuation report in relation to the valuation of the Target Assets to be issued by a qualified valuer in the PRC for the purpose of the Framework Agreement with date of valuation being 29 February 2016
"associate(s)"	has the meaning ascribed to it under the Listing Rules
"Beijing Huicong Construction"	Beijing Huicong Construction Information Consulting Co., Ltd. (北京慧聰建設信息諮詢有限公司), a company established in the PRC on 11 September 1998, whose equity interest is owned as to 50% by Mr. Guo Fansheng (the chairman of the Board and an executive Director) and 50% by Mr. Guo (the chief executive officer of the Company and an executive Director) as at the date of this announcement. It is a subsidiary of the Company in light of the Original Contractual Arrangements as at the date of this announcement
"Beijing International Information"	Beijing Huicong International Information Co., Ltd (北京慧聰國際資訊有限公司), a company established in the PRC on 8 April 1999 and a wholly-owned subsidiary of the Company as at the date of this announcement
"Beijing Zhixing Ruijing"	Beijing Zhixing Ruijing Technology Co., Ltd (北京知行銳景科技有限公司), a company established in the PRC on 11 September 2014, whose equity interest is owned as to 60% and 40% by Mr. Guo and Mr. Liu respectively as at the date of this announcement. It is a subsidiary of the Company in light of the arrangements under the Existing Structured Contracts as at the date of this announcement
"Board"	the board of Directors
"Buy-Backs"	the buy-backs of the Buy-Backs Shares in accordance with the Supplemental Deed
"Buy-Backs Code"	the Hong Kong Code on Share Buy-backs
"Buy-Backs Completion"	the completion of the transactions contemplated under the Supplemental Deed pursuant to the terms of the Supplemental Deed
"Buy-Backs Conditions"	the conditions precedent of the Supplemental Deed as set out under the paragraph headed "The Supplemental Deed and Proposed Off-market Share Buy-Backs – Buy-Backs Conditions" in this announcement

"Buy-Backs Long Stop Date"	31 December 2016, or such other date as may be agreed between the Company, NAVI-IT, the Zhixing Ex-Shareholders in writing
"Buy-Backs Share(s)"	the 88,958,115 Shares, being the aggregate of the 2nd Batch HC Consideration Shares and the 3rd Batch HC Consideration Shares
"Cash Consideration"	consideration in cash to satisfy 33% of the Total Consideration pursuant to the terms of the Framework Agreement
"close associate(s)"	has the meaning ascribed to it under the Listing Rules
"Companies Law"	Companies Law, Cap. 22 (Law 3 of 1961, as consolidated and revised) of the Cayman Islands
"Company"	HC INTERNATIONAL, INC., a company incorporated with limited liability under the laws of the Cayman Islands, the Shares of which are listed on the main board of the Stock Exchange
"Completion"	completion of the transactions contemplated under the Framework Agreement pursuant to its terms
"Completion Date"	date of the Completion
"Conditions Precedent"	the conditions precedent of the Framework Agreement as set out under the paragraph headed "Conditions Precedent" in this announcement
"Consideration Issue"	the proposed allotment and issue of the Consideration Shares pursuant to the terms of the Framework Agreement
"Consideration Shares"	new shares of the Purchaser of RMB1 each to be allotted and issued to the Vendors at the Issue Price to satisfy 67% of the Total Consideration pursuant to the terms of the Framework Agreement
"Contractual Arrangements"	the arrangements contemplated under the Structured Contracts
"CSRC"	China Securities Regulatory Commission (中國證券監督管理委員會)
"Designated Person(s)"	the entity wholly-owned by the Zhixing Ex-Shareholders
"Directors"	directors of the Company

"Disinterested Shareholders"	Shareholders other than the Zhixing Ex-Shareholders, Mr. Guo, Mr. Guo Fansheng, their close associates and parties acting in concert (as defined in the Takeovers Code) with them
"Disposal"	the proposed disposal of the Target Interest by the Vendors to the Purchaser pursuant to the terms of the Framework Agreement
"Domain Names and Trademarks Licence Agreement"	the domain names and trademarks licence agreement (as subsequently supplemented and amended) entered into between Beijing International Information and Beijing Huicong Construction dated 2 January 2002
"EGM"	the extraordinary general meeting of the Company proposed to be convened and held to consider and approve, among other things, the Transactions
"Equity Pledge Agreement"	the equity pledge agreement entered into between Beijing International Information, Mr. Guo Fansheng and Mr. Guo dated 15 September 2014
"Equity Transfer Agreement"	the conditional equity transfer agreement entered into between Mr. Guo, Mr. Liu, Beijing Huicong Construction and Xizang Ruijing in respect of the transfer of the entire equity interest in Beijing Zhixing Ruijing from Mr. Guo and Mr. Liu to Beijing Huicong Construction and Xizang Ruijing dated 26 April 2016
"Escrow Agent"	First Shanghai Securities Limited, an independent escrow agent jointly appointed by the Company and the Zhixing Ex-Shareholders pursuant to the Escrow Agreements
"Escrow Agreements"	the escrow agreements with respect of the HC Consideration Shares entered into among the Zhixing Ex-Shareholders, the Company and the Escrow Agent all dated 3 July 2015
"Escrow Documents"	all documents evidencing the Zhixing Ex-Shareholders' title in the HC Consideration Shares and the Pre-signed Documents
"Exclusive Option Agreement"	the exclusive option agreement entered into between Beijing International Information, Beijing Huicong Construction, Mr. Guo Fansheng and Mr. Guo dated 15 September 2014

"Exclusive Right to Share Purchase Agreement"	the exclusive right to purchase agreement entered into amongst Orange Beijing, Beijing Zhixing Ruijing and Beijing Zhixing Ruijing's then shareholders (i.e. Mr. Guo and Mr. Liu) dated 3 July 2015
"Executive"	the Executive Director of the Corporate Finance Division of the SFC from time to time and any delegate of the Executive Director
"Existing Structured Contracts"	the exclusive technical services agreement, the exclusive licensing agreement on intellectual property, the exclusive right to purchase agreement, the voting rights proxy agreement, the pledge agreement and the business and management services agreement entered into among Orange Beijing, Orange Triangle, Beijing Zhixing Ruijing, Mr. Guo and/or Mr. Liu on 3 July 2015, details of which are set out in the announcement of the Company dated 3 July 2015
"Framework Agreement"	the conditional framework agreement in relation to the proposed disposal the Target Interest entered into among the Purchaser, the Company, Beijing Huicong Construction and Xizang Ruijing dated 26 April 2016
"Group"	the Company and its subsidiaries
"HC Advertising"	Huicong Shangqian (Beijing) Co., Ltd. (慧聰商情廣告(北京)有限公司) (formerly known as Beijing Huicong Advertising Co., Ltd. (北京市慧聰廣告有限公司)), a limited liability company established in the PRC on 25 June 1996, and a wholly-owned subsidiary of the Company as at the date of this announcement
"HC Consideration Shares"	an aggregate of 155,684,485 Shares allotted and issued to the Zhixing Ex-Shareholders as part of the consideration for the purchase of the entire issued share capital of Orange Triangle by the Company pursuant to the Sale and Purchase Agreement
"Independent Board Committee"	a committee of the Board comprising all of the three independent non-executive Directors, established for the purpose of advising and giving recommendation to the Shareholders on the transactions contemplated under the Transactions

"Independent Board Committee for Buy-Backs"	a committee of the Board comprising all of the non-executive Directors and independent non-executive Directors established for the purpose of advising and giving recommendation to the Disinterested Shareholders on the Transactions (including the Buy-Backs)
"Independent Third Party(ies)"	any person or company and their respective ultimate beneficial owner(s), to the best knowledge, information and belief of the Directors and having made all reasonable enquiries, are third parties independent of the Company and its connected persons (as defined under the Listing Rules)
"Issue Price"	the issue price per Consideration Share, which is subject to adjustments as mentioned in the paragraph headed "Framework Agreement – Consideration" in this announcement, and is currently fixed at RMB36.49 per Consideration Share
"Listing Rules"	the Rules Governing the Listing of Securities on the Stock Exchange
"Management and Operations Agreement"	the conditional management and operations agreement entered into among Beijing International Information, Beijing Huicong Construction, Mr. Guo and Mr. Guo Fansheng in relation to the appointment of Beijing International Information by Beijing Huicong Construction as its exclusive services provider of management and operations services dated 26 April 2016
"Mr. Guo"	Mr. Guo Jiang (郭江), an executive Director and chief executive officer of the Company
"Mr. Liu"	Mr. Liu Xiaodong (劉小東), one of the Zhixing Ex-Shareholders
"Mr. Shi"	Mr. Shi Shilin (施世林), one of the Zhixing Ex-Shareholders
"Ms. Wang"	Ms. Wang Qian (王倩), one of the Zhixing Ex-Shareholders
"Ms. Yang"	Ms. Yang Ye (楊葉), one of the Zhixing Ex-Shareholders

"NAVI-IT"	NAVI-IT LIMITED, a company incorporated with limited liability under the laws of the British Virgin Islands, which is owned as to 40%, 25%, 20% and 15% by Wisdom Limited (a company incorporated in the British Virgin Islands and wholly and beneficially owned by Mr. Liu), Wiki Limited (a company incorporated in the British Virgin Islands and wholly and beneficially owned by Ms. Wang), Mr. Shi and Ms. Yang, respectively as at the date of this announcement
"New Performance Target(s)"	a yearly target of net profit of RMB130,000,000, RMB169,000,000 and RMB219,700,000 of Beijing Zhixing Ruijing for each of three New Performance Undertaking Years respectively
"New Performance Undertaking Period"	three years ending 31 December 2018
"New Performance Undertaking Year(s)"	each twelve-month period during the New Performance Undertaking Period
"Online Advertisement Publication Agreement"	the online advertisement publication agreement (as subsequently supplemented and amended) entered into between HC Advertising and Beijing Huicong Construction dated 2 January 2002
"Online Information Distribution Agreement"	the online information distribution agreement (as subsequently supplemented and amended) with entered into between Beijing International Information and Beijing Huicong Construction dated 2 January 2002
"Orange Beijing"	Beijing Orange Triangle Technology Co., Ltd. (北京橙三角科技有限公司), a company established in the PRC and a wholly-owned subsidiary of Orange HK as at the date of this announcement
"Orange HK"	Orange Triangle (HK) Limited, a company incorporated in Hong Kong with limited liability and a wholly and beneficially owned subsidiary of Orange Triangle as at the date of this announcement

"Orange Triangle"	Orange Triangle Inc., a limited liability company incorporated under the laws of the State of Delaware of the USA, a wholly-owned subsidiary of the Company as at the date of this announcement
"Original Contractual Arrangements"	the arrangements contemplated under the Domain Names and the Trademarks Licence Agreement, the Technology Services Agreement, the Online Information Distribution Agreement, the Online Advertisement Publication Agreement, the Exclusive Option Agreement, the Equity Pledge Agreement and the Powers of Attorney
"Partnership Agreement"	the partnership agreement entered into among Beijing Huicong Construction, the Zhixing Ex-Shareholders in respect of the formation of Xizang Ruijng dated 24 March 2016
"Powers of Attorney"	the powers of attorney executed by each of Mr. Guo Fansheng and Mr. Guo, respectively, in favour of Beijing International Information dated 15 September 2014
"PRC Equity Owners"	Mr. Guo and Mr. Guo Fansheng, being the shareholders of Beijing Huicong Construction
"Pre-signed Documents"	the agreement between the Purchaser and each Zhixing Ex-Shareholder or its Designated Persons in relation to the repurchase of the relevant HC Consideration Shares (the amount of which is left in blank) by the Company and each Zhixing Ex-Shareholder or his/her Designated Persons and such other documents required to give effect to the repurchase, as duly executed by each Zhixing Ex-Shareholder or his/her Designated Persons left undated in accordance with the Sale and Purchase Agreement
"Price Determination Date"	the date of the first board resolutions of the Purchaser approving the transactions under the Framework Agreement, being 26 April 2016
"Purchaser" or "Shanghai Ganglian"	上海鋼聯電子商務股份有限公司 (Shanghai Ganglian E-Commerce Holdings Co., Ltd *), a company established under the laws of the PRC, the shares of which are listed on the Shenzhen Stock Exchange

"Purchaser Fund Raising"	the proposed fund raising of the Purchaser by allotment and issue of new shares of the Purchaser at a price not lower than the Issue Price and total proceeds to be raised shall not be more than RMB2,080,000,000, one of the five proposed subscribers is Mr. Guo
"Reorganization"	the transfer of certain assets and manpower in relation to the operation of the Target Business from the Group to Beijing Zhixing Ruijing pursuant to Asset Transfer Agreement, the transfer of 60% and 40% equity interests in Beijing Zhixing Ruijing by Mr. Guo and Mr. Liu to Beijing Huicong Construction and Xizang Ruijing, respectively, pursuant to the Equity Transfer Agreement and the termination of the Existing Structured Contracts pursuant to the Termination Agreement
"Reward Mechanism"	the mechanism pursuant to which if the New Performance Target of the relevant New Performance Undertaking Year can be met, Beijing Huicong Construction will transfer an agreed percentage of the partnership equity with the corresponding capital amounts contributed by Beijing Huicong Construction in Xizang Ruijing to the Zhixing Ex-Shareholders at a consideration in an amount equal to the relevant capital amounts contributed by Beijing Huicong Construction in accordance with the terms of the Supplemental Partnership Agreement
"Sale and Purchase Agreement"	the sale and purchase agreement (as supplemented and amended by an agreement dated 2 June 2015) dated 8 May 2015 entered into between the Company, NAVI-IT and the Zhixing Ex-Shareholders in respect of the acquisitions of Orange Triangle and Beijing Zhixing Ruijing, details of which are set out in the announcements of the Company dated 8 May 2015 and 2 June 2015 and the circular of the Company dated 4 June 2015
"SFC"	The Securities and Futures Commission
"Shareholder(s)"	holder(s) of Share(s)
"Shares"	ordinary share(s) of HK$0.10 each in the share capital of the Company
"Stock Exchange"	The Stock Exchange of Hong Kong Limited

"Structured Contracts"	the Domain Names and the Trademarks Licence Agreement, the Technology Services Agreement, the Online Information Distribution Agreement, the Online Advertisement Publication Agreement, the Exclusive Option Agreement, the Equity Pledge Agreement, the Powers of Attorney and the Management and Operations Agreement
"Supplemental Deed"	the conditional deed supplemental to the Sale and Purchase Agreement dated 26 April 2016 entered into between the Company, NAVI-IT and the Zhixing Ex-Shareholders in relation to the Buy-Backs
"Supplemental Partnership Agreement"	the conditional supplemental partnership agreement entered into between Beijing Huicong Construction and the Zhixing Ex-Shareholders dated 26 April 2016 in relation to, among others, the Reward Mechanism
"Takeovers Code"	the Hong Kong Code on Takeovers and Mergers
"Target Business"	the operation of the websites under the key domain names www.zol.com.cn (中關村在線) and www.zol.com (中關村商城) in the PRC
"Target Interest" or "Target Assets"	the entire equity interest in Beijing Zhixing Ruijing
"Technology Services Agreement"	the technology services agreement (as subsequently supplemented and amended) entered into between Beijing International Information and Beijing Huicong Construction dated 2 January 2002
"Termination Agreement"	the conditional termination agreement entered into between Mr. Guo, Mr. Liu, Orange Beijing, Beijing Zhixing Ruijing and Orange Triangle in relation to the termination of the Existing Structured Contracts dated 26 April 2016
"Total Consideration"	the aggregate consideration of not more than RMB2,080,000,000 payable by the Purchaser to the Vendors for the Acquisition, which shall be settled by way of the Consideration Issue and payment of the Cash Consideration

"Transactions"	the Framework Agreement, the Supplemental Partnership Agreement, the Management and Operations Agreement (and its proposed annual caps), the Supplemental Deed and the transactions contemplated thereunder, the Reorganisation, the Buy-Backs and the Contractual Arrangements
"Transitional Period"	the period from the day after 29 February 2016 to the Completion Date
"Vendors"	Beijing Huicong Construction and Xizang Ruijing
"VIE Group"	Beijing Huicong Construction and Beijing Zhixing Ruijing
"Xizang Ruijing"	西藏銳景慧杰創業投資合伙企業 (Xizang Ruijing Huijie Entrepreneurship Investment Partnership*), a limited partnership established in the PRC on 25 March 2016 of which Beijing Huicong Construction is its general partner and the Zhixing Ex-Shareholders are its limited partners, contributing 99% and 1% of the capital amounts to the partnership respectively
"Zhixing Ex-Shareholder(s)"	Mr. Liu, Ms. Wang, Mr. Shi and Ms. Yang
"HK$"	Hong Kong Dollars, the lawful currency of Hong Kong
"RMB"	Renminbi, the lawful currency of the PRC
"%"	per cent.

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

Beijing, the People's Republic of China, 6 May 2016

As at the date of this announcement, the Board comprises:
Mr. Guo Fansheng (Executive Director and Chairman)
Mr. Guo Jiang (Executive Director and Chief Executive Officer)
Mr. Lee Wee Ong (Executive Director and Chief Financial Officer)
Mr. Li Jianguang (Non-executive Director)
Mr. Guo Wei (Non-executive Director)
Mr. Zhang Ke (Independent Non-executive Director)
Mr. Xiang Bing (Independent Non-executive Director)
Mr. Zhang Tim Tianwei (Independent Non-executive Director)

* *For identification purpose only*

For illustration purpose only, certain amount denominated in Renminbi have been translated into Hong Kong dollars at an exchange rate of RMB0.84 = HK$1.00. Such conversions shall not be construed as representations that amounts in Renminbi were or may have been converted into Hong Kong dollars at such rates or any other exchange rate or at all.

The Directors jointly and severally accept full responsibility for the accuracy of the information contained in this announcement, and confirm, having made all reasonable enquiries, that to the best of their knowledge, opinions expressed in this announcement have been arrived at after due and careful consideration and there are no other facts not contained in this announcement, the omission of which would make any statement in this announcement misleading.