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*20 years, young HC!*

**HC INTERNATIONAL, INC.**

**慧聪网有限公司\***

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

**(Stock Code: 8292)**

**DISCLOSEABLE TRANSACTION**

**GENERAL CONTRACTING CONSTRUCTION  
AND MANAGEMENT CONTRACT  
FOR  
HUICONG HOUSEHOLD APPLIANCES CITY PROJECT**

The Board announces that, on 1 November 2013, the Subsidiary, an indirectly non-wholly subsidiary of the Company, entered into the Construction Contract with the Contractor, pursuant to which the Subsidiary conditionally agree to entrust the Contractor for the construction and construction management of the Huicong Household Appliances City Project at the Contract Sum of RMB308,880,000. The Subsidiary intends to operate a B2B household electrical appliances business exhibition centre upon completion of the Huicong Household Appliances City Project.

**IMPLICATIONS UNDER THE GEM LISTING RULES**

As the applicable percentage ratios calculated under the GEM Listing Rules in respect of the Construction Contract exceeds 5% but is less than 25%, the transactions contemplated under the Construction Contract therefore constitutes a discloseable transaction of the Company and is subject to notification and announcement requirements but exempt from shareholders' approval requirement under Chapter 19 of the GEM Listing Rules.

\* For identification purposes only

## **PRINCIPAL TERMS OF THE CONSTRUCTION CONTRACT**

The principal terms of the Construction Contract are as follows:–

Date : 1 November 2013

Parties : (1) Subsidiary  
(2) China Huaxi Corporation Limited (the Contractor)

The Contractor is a company established in the PRC which is principally engaged in the building construction business. To the best knowledge, information and belief of the Directors having made all reasonable enquires, the Contractor and its ultimate beneficial owners are Independent Third Parties.

### **Scope of the Construction Works**

Pursuant to the Construction Contract, the Subsidiary has conditionally agreed to entrust the Contractor for the construction and construction management of the Huicong Household Appliances City Project at the Contract Sum. The scope of the Construction Works principally includes (without limitation) construction for foundation, earthworks and excavation, retain and protection for foundation excavation, construction for basement, construction for basement and foundation of stories, precipitation, water-proof work and main building (including masonry structures), decoration and fixing up works, general contracting of water supply and drainage works, and general construction and management of the construction of the Huicong Household Appliances City Project.

Pursuant to the Construction Contract, the Contractor shall complete the Construction Works in accordance with the detailed terms of the Construction Contract in good faith and by furnishing its best skill and judgment.

### **Payment Terms**

The aggregate Contract Sum under the Construction Contract is RMB308,880,000 (equivalent to approximately HK\$392,280,000), which shall be satisfied by the Subsidiary in the following manners:

- 1) payment based on the progress of the completed and qualified Construction Works shall be made by the Company on a monthly basis (“Progress Payment”), provided that the accumulated Progress Payment shall not exceed 80% of the corresponding amounts of the completed and qualified Construction Works. The first Progress Payment will be made in cash when the accumulated Progress Payment reach RMB30,000,000. Progress Payment shall be made within 15 days upon the progress of Construction Works is reported each month in general;
- 2) up to 90% of the corresponding amounts of the completed and qualified Construction Works (when aggregated with Progress Payment already made at the relevant time pursuant to paragraph 1 above) will be paid in cash within 28 days upon completion of the Construction Works, and subsequent check and acceptance;

- 3) up to 97% of the audited amounts of the Construction Works (when aggregated with payment already made at the relevant time pursuant to paragraphs 1 and 2 above) will be paid within 7 days upon completion of the final audit of the Construction Works; and
- 4) the residual Contract Sum will be paid within 30 days following the Subsidiary acknowledgement of the quality of the Construction Works after expiry of the 2-year defect notification period and fulfillment of all maintenance obligations by the Contractor.

The cost of any construction works and construction management works of the Huicong Household Appliances City Project which have not been stipulated under the Construction Contract but being undertaken and incurred by the Contractor, with the Subsidiary's consent, will be charged on actual basis. Such additional cost payable by the Subsidiary shall not exceed RMB1,000,000 (equivalent to approximately HK\$1,270,000). The Contract Sum was determined with reference to the amount of Construction Works and prevailing market rate.

### **Condition Precedent to the Construction Contract**

The Construction Contract shall come into effect upon the Company obtaining all necessary or appropriate approval and consents if required as a company whose shares are listed on GEM.

### **Completion**

The Construction Works are expected to commence in or around November 2013, subject to fulfillment of the condition precedent as set out above, and is scheduled to complete within 730 calendar days following the commencement of the construction of foundation.

Currently, the Subsidiary expects that the Construction Works would complete by the end of 2015.

## **THE HUICONG HOUSEHOLD APPLIANCES CITY PROJECT**

Reference is made to the announcements of the Company dated 7 January 2013 and 5 February 2013, and the circular of the Company dated 18 January 2013 in relation to the acquisition of the Land by the Subsidiary.

The Land comprises a planned land area of 43,964.82 square meters with a total construction area of approximately 190,380 square meters and is located at the east of State Road 105, Beijiao Town, Shunde, Foshan, Guangdong Province (廣東省佛山市順德區北滘鎮105國道東側) of the PRC. It is currently vacant. Pursuant to the notice of the public tender for the Land, construction on the Land shall commence within 11 months after delivery of the Land ("Delivery") in March 2013, and shall complete within 30 months thereafter. Investment on fixed assets on the Land (including the consideration for the Land, buildings and facilities thereon) of not less than RMB800,000,000 shall be made within 45 months after Delivery. In addition, at least two household electrical appliances fairs shall be held every year starting 41 months after Delivery, and not less than 500 household electrical appliance enterprises (including enterprise who designs, manufactures, and trades household electrical appliances and ancillary products, and engages in related e-commerce services) shall station on the Land within 4 years from Delivery.

## **REASONS FOR AND BENEFITS OF THE CONSTRUCTION CONTRACT**

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

The Subsidiary acquired the Land in early 2013 with an intention to use the Land to build a B2B household electrical appliances business exhibition centre, through the operation of which provides vertical in-depth services and one-stop solution for B2B buyers and sellers. The Group considers that the construction and operation of such business exhibition centre will promote synergy among the online and offline products and services of the Group, and will assist in laying the foundation for the Group's development. The Subsidiary therefore entered into the Construction Contract for the Construction Works.

The Group intends to fund the Huicong Household Appliances City Project principally by internal resources and a banking facility with maximum credit limit of approximately RMB280,000,000, secured by, among others, charges on the Land.

In light of the above, the Board considers that the entering into of the Construction Contract and the transactions contemplated thereunder are in the interests of the Company and the Shareholders as a whole and the terms thereof are fair and reasonable.

## **INFORMATION OF THE SUBSIDIARY**

The Subsidiary is a limited liability company established under the laws of the PRC, and an indirect subsidiary of the Company whose equity interest is owned as to 59% by Tianjin HC, as to 16.5% by Foshan Shunde Bo Shi Investment Co., Ltd.\* (佛山市順德區博時投資有限公司) and as to 24.5% by Foshan Shunde Cheng Shun Assets Management Co., Ltd.\* (佛山市順德區誠順資產管理有限公司) as at the date of this announcement. The Subsidiary is principally engaged in the construction, development and operation of a household electrical appliances exhibition centre in Shunde Beijiao, Foshan City, the PRC.

## **IMPLICATIONS UNDER THE GEM LISTING RULES**

As the applicable percentage ratios calculated under the Listing Rules in respect of the Construction Contract exceeds 5% but is less than 25%, the transactions contemplated under the Construction Contract therefore constitutes a discloseable transaction of the Company and is subject to notification and announcement requirements but exempt from shareholders' approval requirement under Chapter 19 of the GEM Listing Rules.

## DEFINITIONS

In this announcement, the following expressions have the meanings set out below unless the context requires otherwise:

“Board”	the board of Directors
“Company”	HC International, Inc., a company incorporated in the Cayman Islands with limited liability and the Shares of which are listed on GEM
“Construction Contract”	the general contracting construction and construction management contract between the Subsidiary and the Contractor dated 1 November 2013 concerning the Construction Works
“Construction Works”	the construction and construction management works of the Huicong Household Appliances City Project being undertaken by the Contractor pursuant to the Construction Contract
“Contract Sum”	RMB308,880,000, being the contract price payable by the Subsidiary to the Contractor under the Construction Contract
“Contractor”	China Huaxi Corporation Limited (中國華西企業有限公司), a company with limited liability established in the PRC
“Director(s)”	the director(s) of the Company
“GEM”	The Growth Enterprise Market of the Stock Exchange
“GEM Listing Rules”	the Rules Governing the Listing of Securities on GEM
“Group”	the Company and its subsidiaries
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC
“Huicong Household Appliances City Project”	the project construction of an integrated business exhibition centre on the Land containing a 6-storey (including basement) commercial podium and a 24-storey (including basement) building comprising offices and apartments
“Independent Third Party(ies)”	persons or companies which are independent of and not connected with any of the directors, chief executive and substantial shareholders of the Company or any of its subsidiaries and their respective associates (as defined under the GEM Listing Rules)

“Land”	a land with a planned land area of 43,964.82 square meters and located at No.8, East of State Road 105, Beijiao Town, Shunde, Foshan, Guangdong Province (廣東省佛山市順德區北滘鎮105國道東側8號) of the PRC
“PRC”	the People’s Republic of China, excluding, for the purpose of this announcement only, Hong Kong, the Macau Special Administrative Region of the People’s Republic of China and Taiwan
“RMB”	Renminbi, the lawful currency of the PRC
“Share(s)”	ordinary share(s) of HK\$0.1 each of the Company
“Shareholder(s)”	holder(s) of Share(s)
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Subsidiary”	Guangdong Huicong Household Appliances City Investment Co., Ltd.* (廣東慧聰家電城投資有限公司), a limited liability company established under the laws of the PRC, and an indirect subsidiary of the Company whose equity interest is owned as to 59% by Tianjin HC, as to 16.5% by Foshan Shunde Bo Shi Investment Co., Ltd.* (佛山市順德區博時投資有限公司) and as to 24.5% by Foshan Shunde Cheng Shun Assets Management Co., Ltd.* (佛山市順德區誠順資產管理有限公司) as at the date of this announcement
“Tianjin HC”	慧聰(天津)電子商務產業投資有限公司, a limited liability company incorporated under the laws of the PRC and is an indirectly non-wholly owned subsidiary of the Company
“%”	per cent.

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

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

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

Beijing, the PRC, 1 November 2013

\* For identification purposes only

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*)

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

*This announcement will remain on the pages of “Latest Company Announcements” on the GEM website at <http://www.hkgem.com> for at least 7 days from the date of its posting and the Company’s website at <http://www.hcgroup.com>.*