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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)

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

INTRODUCTION

On 9 December 2013, Tianjin HC (a non-wholly-owned subsidiary of the Group), Tianjin Lekun and Zhongding Borui entered into the JV Agreement, pursuant to which the JV Parties agreed to, among other things, establish the JV Company. The JV Company will be owned as to 20% by Tianjin HC, as to 40% by Tianjin Lekun and as to 40% by Zhongding Borui.

GEM LISTING RULES IMPLICATIONS

As Beijing Lepeng is a connected person of the Company, and it is the general partner of Tianjin Lekun responsible for implementation of the partnership affairs, Tianjin Lekun, being an associate of Beijing Lepeng, is a connected person of the Group. As Zhongding Borui is controlled by Mr. Guo Wei, a non-executive Director, Zhongding Borui is a connected person of the Company.

As such, the entering into of the JV Agreement and the transactions contemplated thereunder constitute a connected transaction of the Company pursuant to Chapter 20 of the GEM Listing Rules. As the applicable percentage ratios for the JV Agreement and the transactions contemplated thereunder are below 5%, the JV Agreement and the transactions contemplated thereunder is subject to, among other things, reporting and announcement requirements, but is exempted from independent shareholders' approval requirement under Chapter 20 of the GEM Listing Rules.

* For identification purposes only

INTRODUCTION

On 9 December 2013, Tianjin HC (a non-wholly-owned subsidiary of the Group), Tianjin Lekun and Zhongding Borui entered into the JV Agreement, pursuant to which the JV Parties agreed to, among other things, establish the JV Company. The JV Company will be owned as to 20% by Tianjin HC, as to 40% by Tianjin Lekun and as to 40% by Zhongding Borui.

THE JV AGREEMENT

Principal terms of the JV Agreement are set out below:

Date:

9 December 2013

Parties involved:

Tianjin HC (a non-wholly-owned subsidiary of the Group), Tianjin Lekun and Zhongding Borui

Formation of the JV Company:

Pursuant to the JV Agreement, the JV Parties agreed to establish the JV Company, which will be owned as to 20% by Tianjin HC, as to 40% by Tianjin Lekun and as to 40% by Zhongding Borui.

Business scope of the JV Company:

Pursuant to the JV Agreement and subject to approval by the relevant administration for industry and commerce, the JV Company will be principally engaging in investment management, investment consultation, assets management, corporate management, corporate management consultation and projects investments.

The business direction of the JV Company shall include, without limitation, investment, construction or operation of e-commerce industrial center project(s) at where industries which Tianjin HC has advantages gather.

Registered capital of the JV Company:

Pursuant to the JV Agreement, the total registered capital of the JV Company shall be RMB100 million (equivalent to approximately HK\$127 million), of which RMB20 million (equivalent to approximately HK\$25.4 million) will be contributed by Tianjin HC, and RMB40 million (equivalent to approximately HK\$50.8 million) will be contributed by each of Tianjin Lekun and Zhongding Borui.

The registered capital of the JV Company shall be contributed in the following manners:

- (1) Tianjin HC and Zhongding Borui shall contribute RMB20 million and RMB40 million, respectively, at the incorporation of the JV Company; and
- (2) Tianjin Lekun shall contribute RMB40 million within 3 months after incorporation of the JV Company.

The amount of capital contribution was determined after arm's length negotiations between the JV Parties with reference to, among other things, the initial capital requirement of the JV Company and the intent of the parties as to the capital contributions. The capital contribution of RMB20 million to be made by Tianjin HC will be funded by internal resources. Following the establishment of the JV Company, its full financial information will not be consolidated into those of the Group.

Board composition:

The board of directors of the JV Company will comprise 3 directors, of which each of the JV Parties shall have the right to nominate one member. Resolutions shall only be passed by a majority of directors attending the relevant meeting of the board of directors.

The general manager and the financial manager of the JV Company shall be nominated by Tianjin Lekun. Each of the general manager and the financial manager shall be engaged or removed by the board of directors of the JV Company.

Profit sharing:

The JV Parties will be entitled to share the profits of the JV Company in proportion to its respective capital contribution to the JV Company.

Transfer or pledge of equity interests:

Each JV Party may transfer its equity interests in the JV Company to other JV Party(ies).

In the event a JV Party wishes to transfer its equity interests in the JV Company to third party, such JV Party shall first obtain written consents from a majority of the remaining shareholder(s) of the JV Company, and such remaining shareholder(s) of the JV Company shall be entitled to pre-emptive rights to such transfer.

Each JV Party may not pledge its equity interests in the JV Company unless written consents have been obtained from other JV Parties.

Other terms:

The JV Parties undertake and secure that Beijing Huicong International Information Co., Ltd. (北京慧聰國際資訊有限公司) (a subsidiary of the Group and holder of 60% of equity interests in Tianjin HC) (or through its subsidiary) shall be entitled to the sole operation rights of not less than 15 years for commercial property(ies) (e-commerce industrial center project(s)) invested and constructed by the JV Company, with specific terms to be further negotiated.

INFORMATION OF THE GROUP

The Group is one of the leading B2B e-commerce operators in the PRC. The Group aims to provide business information through different means to facilitate buyers and sellers in the commercial world to disseminate and/or obtain such information to assist them in locating and matching their counterparties and to make business decisions. Currently, the Group provides business information through three main types of communication channels: (i) industry portals, (ii) search engine services, and (iii) trade catalogues and yellow page directories.

Tianjin HC is an indirectly non-wholly owned subsidiary of the Company. It is principally engaged in investment management, e-commerce projects investment and provision of exhibition services.

INFORMATION OF TIANJIN LEKUN AND ZHONGDING BORUI

Tianjin Lekun:

Tianjin Lekun is a limited partnership formed in the PRC. Beijing Lepeng is the general partner of Tianjin Lekun responsible for implementation of the partnership affairs.

Tianjin Lekun is principally engaged in management consultation, provision of conference services and consultation of design of construction projects.

Beijing Lepeng is a substantial shareholder of Tianjin HC holding 40% of its equity interest as at the date of this announcement, and is thus a connected person of the Company for the purpose of Chapter 20 of the GEM Listing Rules. Mr. Liu Jun is a controlling shareholder of Beijing Lepeng holding 60% of its equity interest as at the date of this announcement.

Zhongding Borui:

Zhongding Borui is a company established in the PRC with limited liability. Zhongding Borui is an investment holding company.

REASONS FOR AND BENEFITS OF THE ESTABLISHMENT OF THE JV COMPANY AND THE ENTERING INTO OF THE JV AGREEMENT

It is intended that establishment of the JV Company will allow the Group to obtain operation rights for e-commerce industrial park project(s) for a prolonged period of 15 years with relatively less investment. It will reduce the Group's funding requirements in long term development of properties in these e-commerce industrial center(s). The Group will thereby be able to allocate its resources in its core business and enhance the development of its O2O business model effectively, which is beneficial to the Group's development as a whole.

In light of the above, the Board (including the independent non-executive Directors) considers that the terms of the JV Agreement were arrived at after arm's length negotiations among parties to the JV Agreement, entered into on normal commercial terms, and are fair and reasonable, and that the entering into of the JV Agreement and the transactions contemplated thereunder are in the interests of the Company and the independent Shareholders as a whole.

GEM LISTING RULES IMPLICATIONS

Beijing Lepeng is a connected person of the Company, and it is the general partner of Tianjin Lekun responsible for implementation of the partnership affairs. Tianjin Lekun, being an associate of Beijing Lepeng, is a connected person of the Company for the purpose of Chapter 20 of the GEM Listing Rules.

As Zhongding Borui is controlled by Mr. Guo Wei, a non-executive Director, Zhongding Borui is a connected person of the Company for the purpose of Chapter 20 of the GEM Listing Rules.

As such, the entering into of the JV Agreement and the transactions contemplated thereunder constitute a connected transaction of the Company pursuant to Chapter 20 of the GEM Listing Rules. As the applicable percentage ratios for the JV Agreement and the transactions contemplated thereunder are below 5%, the JV Agreement and the transactions contemplated thereunder is subject to, among other things, reporting and announcement requirements, but is exempted from independent shareholders' approval requirement under Chapter 20 of the GEM Listing Rules.

Mr. Guo Wei, who indirectly holds 99% of equity interest in Zhongding Borui, has abstained from voting on the resolutions of the Board approving the JV Agreement and the transactions contemplated thereunder. No other Directors has any material interest or is required to abstain.

DEFINITIONS

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

“associate(s)”	has the meaning ascribed to it in the GEM Listing Rules;
“Beijing Lepeng”	Beijing Le Peng De Tai Investment Co., Ltd. (北京樂鵬德泰投資有限公司), a company established in the PRC with limited liability;
“Board”	the board of Directors;
“Company”	HC International, Inc., a company incorporated in the Cayman Islands with limited liability and the shares of which are listed on the GEM;
“connected person(s)”	has the meaning ascribed to it in the GEM Listing Rules;

“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 the GEM;
“Group”	the Company and its subsidiaries;
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong;
“Hong Kong”	Hong Kong Special Administrative Region of the People’s Republic of China;
“JV Agreement”	the agreement entered into between Tianjin HC, Tianjin Lekun and Zhongding Borui dated 9 December 2013 in relation to, among other things, the establishment and operation of the JV Company;
“JV Company”	Hui De Holding Co., Ltd. (慧德控股有限公司), a joint venture company proposed to be established in the PRC with limited liability pursuant to the JV Agreement, which will be owned as to 20% by Tianjin HC;
“JV Parties”	Tianjin HC, Tianjin Lekun and Zhongding Borui;
“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) with a par value of HK\$0.1 each of the Company;
“Shareholder(s)”	holder(s) of Share(s);
“Stock Exchange”	The Stock Exchange of Hong Kong Limited;
“substantial shareholder(s)”	has the meaning ascribed to it in the GEM Listing Rules;

“Tianjin HC”	Huicong (Tianjin) E-Commence Investment Co., Ltd. 慧聰(天津)電子商務產業投資有限公司, a company established in the PRC with limited liability. As at the date of this announcement, Tianjin HC is a subsidiary of the Group which is owned as to 60% indirectly by the Company, and as to 40% by Beijing Lepeng, respectively;
“Tianjin Lekun”	Tianjin Lekun Enterprise Management and Consultancy Partnership (Limited Partnership) (天津樂坤企業管理諮詢合夥企業(有限合伙)), a limited partnership formed in the PRC. As at the date of this announcement, the capital of Tianjin Lekun is contributed as to 0.5% by Beijing Lepeng, as to 49.50% by Mr. Liu Jun (劉軍) and as to 50% by Ms. Xin Yuan Yuan (辛元元), respectively;
“Zhongding Borui”	Beijing Zhong Ding Bo Rui Investment Management Co., Ltd. (北京中鼎博瑞投資管理有限公司), a company established in the PRC with limited liability. As at the date of this announcement, Zhongding Borui is controlled by Mr. Guo Wei; and
“%”	per cent.

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.

In this announcement, the English names of the 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.

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

Beijing, the People’s Republic of China, 9 December 2013

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 enquires, 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 Growth Enterprise Market 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>.