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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: 02280)

(Stock code: 05839)

**TERMINATION AGREEMENT
TO THE PROPOSED CONTINUING CONNECTED TRANSACTIONS
IN RELATION TO STRUCTURED CONTRACTS**

Reference is made to the announcement of HC International, Inc. (the “**Company**”) dated 6 May 2016 (the “**Announcement**”) in relation to, among other things, (i) a very substantial disposal, major transaction and connected transaction; (ii) proposed continuing connected transactions; (iii) a discloseable transaction and connected transaction; and (iv) a connected transaction in relation to application of the buy-backs of the shares of the Company. Capitalised terms used in this announcement shall have the same meanings as those defined in the Announcement, unless the context herein otherwise requires.

BACKGROUND

As set out in the Announcement and pursuant to the Management and Operations Agreement dated 26 April 2016, Beijing International Information conditionally agreed to provide management and operation services to Beijing Huicong Construction at a service fee equal to the net income of Beijing Huicong Construction and its subsidiary(ies).

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.

TERMINATION AGREEMENT OF THE MANAGEMENT AND OPERATIONS AGREEMENT

On 6 June 2016 (after trading hours), Beijing International Information entered into a termination agreement (the “**CCT Termination Agreement**”) with Beijing Huicong Construction, Mr. Guo and Mr. Guo Fansheng to terminate the Management and Operations Agreement with effect from 6 June 2016. Pursuant to the CCT Termination Agreement, (i) the Management and Operations Agreement shall be terminated and of no further legal effect; (ii) all the rights and obligations of each of the parties to the Management and Operations Agreement shall be terminated and discharged; and (iii) the parties to the Management and Operations Agreement confirmed that there is no unperformed obligations, disagreement or dispute among the parties under the Management and Operations Agreement.

REASONS FOR ENTERING INTO THE CCT TERMINATION AGREEMENT

After further consideration and discussion among the management of the Company, the management considered that without entering into of the Management and Operations Agreement, the Company could still obtain the same control over Beijing Zhixing Ruijing through Beijing Huicong Construction under the existing contractual arrangements i.e. the arrangements 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 (the “**Existing VIE**”). After completion of the Reorganization and before the Disposal, Beijing Zhixing Ruijing will become a subsidiary of Beijing Huicong Construction. Being the controlling shareholder of Beijing Zhixing Ruijing holding 99.6% interest, Beijing Huicong Construction could have absolute control over Beijing Zhixing Ruijing. The Company through the Existing VIE could obtain control over Beijing Huicong Construction and its subsidiary, Beijing Zhixing Ruijing. In the event that the Disposal completes, Beijing Zhixing Ruijing will no longer be part of the Group. Besides, if the Disposal does not complete, the Company will continue to exercise control over Beijing Zhixing Ruijing through Beijing Huicong Construction under the Existing VIE. Accordingly, after further consideration, it is not necessary for the parties to enter into the Management and Operations Agreement and the parties decided to enter into the CCT Termination Agreement to terminate the Management and Operations Agreement.

The Directors (including the independent non-executive Directors) are of the view that the terms of the CCT Termination Agreement have been arrived at after arm’s length negotiations, entered into in the ordinary and usual course of business of the Company and are on normal commercial terms, fair and reasonable and in the interests of the Group and the Shareholders as a whole.

LISTING RULES IMPLICATIONS

As 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 CCT Termination Agreement constitutes a connected transaction on the part of the Company under the Listing Rules. As such, Mr. Guo and Mr. Guo Fansheng have abstained from voting on the board resolution of the Company to approve the CCT Termination Agreement and the transactions contemplated thereunder.

Neither party to the Management and Operations Agreement has performed the Management and Operations Agreement which was originally subject to the independent Shareholders' approval at the EGM. As none of the parties to the CCT Termination Agreement is required to make any payment to each other pursuant to the CCT Termination Agreement, the CCT Termination Agreement is exempt from the announcement, reporting and independent Shareholders' approval requirements under Chapter 14A of the Listing Rules. In view of the CCT Termination Agreement, there will be no information relating to the Management and Operations Agreement and the Contractual Arrangements under the Structured Contracts to be included in the circular to be despatched to the Shareholders and that no resolutions will be proposed at the EGM to approve the Management and Operations Agreement (and its proposed annual caps) and the Contractual Arrangements under the Structured Contracts.

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 June 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*