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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  
IN RELATION TO  
ESTABLISHMENT OF A JOINT VENTURE COMPANY**

The Board is pleased to announce that on 3 July 2012, Tianjin HC, an indirectly non-wholly owned subsidiary of the Company, entered into the Agreement with Tian Nuo, pursuant to which the Joint Venture Parties agreed to, *inter alia*, form the Joint Venture Company, which will be owned as to 51% by Tianjin HC and as to 49% by Tian Nuo for the purpose of the construction, development and operation of the Exhibition Centre.

Pursuant to the Agreement, the total registered capital of the Joint Venture Company shall be RMB150,000,000, of which RMB76,500,000 will be contributed by Tianjin HC in cash and RMB73,500,000 will be contributed by Tian Nuo in cash, which shall be deposited by the Joint Venture Parties into a designated bank account within three days upon signing of the Agreement. Following establishment, the Joint Venture Company will become an indirectly non-wholly owned subsidiary of the Company.

The Board considers that the terms and conditions of the Agreement are fair and reasonable so far as the Company and the Shareholders are concerned. As the applicable percentage ratios for the establishment of the Joint Venture Company exceed 5% but are less than 25%, the entering into of the Agreement constitutes a discloseable transaction for the Company under the GEM Listing Rules.

\* For identification purposes only

## **THE AGREEMENT**

On 3 July 2012, Tianjin HC, an indirectly non-wholly owned subsidiary of the Company, entered into the Agreement with Tian Nuo, pursuant to which the Joint Venture Parties agreed to, *inter alia*, form the Joint Venture Company, which will be owned as to 51% by Tianjin HC and as to 49% by Tian Nuo for the purpose of the construction, development and operation of the Exhibition Centre. Following establishment, the Joint Venture Company will become an indirectly non-wholly owned subsidiary of the Company.

The principal terms of the Agreement are set out below:

### **Date**

3 July 2012

### **Parties involved**

1. Tianjin HC
2. Tian Nuo

To the best knowledge, information and belief of the Directors, having made all reasonable enquiries, Tian Nuo and its ultimate beneficial owners are Independent Third Parties.

### **Business scope**

Pursuant to the Agreement, it is agreed between the Joint Venture Parties that the Joint Venture Company will be engaging in the construction, development and operation of the Exhibition Centre.

### **Registered capital and other contribution**

Pursuant to the Agreement, the total registered capital of the Joint Venture Company shall be RMB150,000,000, of which RMB76,500,000 will be contributed by Tianjin HC in cash and RMB73,500,000 will be contributed by Tian Nuo in cash, which shall be deposited by the Joint Venture Parties into a designated bank account within three days upon signing of the Agreement.

The amount of capital contribution was determined after negotiation between the Joint Venture Parties with reference to the initial capital requirement of the Joint Venture Company and the intent of the parties as to the capital contributions. The capital contribution to be made by Tianjin HC will be funded by internal funds.

According to the funding requirement of the construction project of the Joint Venture Company, the Joint Venture Company may raise the required working capital by way of further capital contributions made by the Joint Venture Parties in the proportion to their respective equity interests or shareholder's loan provided by Tian Nuo or other arrangements. The Joint Venture Parties will negotiate and determine the actual fund raising methods as and when the circumstances require.

Any decision on major matters of the Joint Venture Company shall be unanimously approved by its shareholders, including any increase or reduction in the registered capital, matters regarding merger, division, dissolution, liquidation or alteration of company form, amendments to the articles of association, provision of assets as guarantee, change in the senior management, making of investment and major disposal of assets.

### **Board composition**

The board of directors of the Joint Venture Company will comprise five directors, of which Tianjin HC shall have the rights to nominate three members and Tian Nuo shall have the rights to nominate two members. Tian Nuo will nominate the chairman and legal representative, and Tianjin HC will nominate the general manager of the Joint Venture Company.

### **Profit sharing**

The Joint Venture Parties will be entitled to share the profits of the Joint Venture Company in the proportion of Tianjin HC as to 49% and Tian Nuo as to 51%, respectively.

### **Transfer of equity interests**

In the event that any of the Joint Venture Parties intends to transfer all or part of its equity interests in the Joint Venture Company, such party shall first obtain written consent from the other party and the other party shall be entitled to pre-emptive rights to such transfer.

### **Operation of the Exhibition Centre**

The Exhibition Centre will be operated by the Joint Venture Company. If it is necessary to seek for any external company to jointly operate the Joint Venture Company, priority shall be given to a direct or indirect subsidiary of Beijing HC, which is the holding company of Tianjin HC, upon the same terms.

### **Other terms**

The Joint Venture Parties agreed that the settlement arrangement of any unsold fixed assets of the Joint Venture Company within five years after the establishment of the Joint Venture Company will be (a) the Joint Venture Company will firstly charge such assets for funds for further investments; (b) secondly the Joint Venture Company will charge such assets for funds for granting interest bearing loans to shareholders; (c) lastly any of the Joint Venture Parties may transfer its entire equity interest in the Joint Venture Company under the terms of the Agreement. The Company will comply with the applicable requirements under the GEM Listing Rules as and when the circumstances require.

## **INFORMATION OF THE GROUP AND TIAN NUO**

The Group is one of the leading e-commerce communities 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.

To the best of the Directors' knowledge, information and belief, having made all reasonable enquiries, Tian Nuo is a company principally engaged in the business of investment in real estate, building industry, manufacturing, trading and social services; property leasing; property management; providing consultation on merger and acquisition, debt restructuring, investment and corporate management; providing services in relation to household electrical appliances exhibitions, and its ultimate beneficial owners are Independent Third Parties.

## **REASONS FOR AND BENEFIT OF THE ESTABLISHMENT OF THE JOINT VENTURE COMPANY**

The Group believes that the establishment of the Joint Venture Company will facilitate better integration between the on-line products and the off-line services, offering a basket of solutions to purchasers and sellers for firming up B2B transactions. By such enrichment of the products lines, the Group aims at growing the foundation for future expansion.

The Directors consider that the terms of the Agreement were arrived at after arm's length negotiation between the Joint Venture Parties, entered into on normal commercial terms, and are fair and reasonable, and that entering into the Agreement is in the interests of the Company and the Shareholders as a whole.

## **LISTING RULES IMPLICATIONS**

As the applicable percentage ratios for the establishment of the Joint Venture Company exceed 5% but are less than 25%, the entering into of the Agreement constitutes a discloseable transaction for the Company under the GEM Listing Rules.

## **DEFINITIONS**

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

“Agreement”	the investment and cooperation agreement dated 3 July 2012 entered into between the Joint Venture Parties in relation to the establishment of the Joint Venture Company
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“Beijing HC”	北京慧聰國際資訊有限公司 (Beijing HC International Information Co. Limited), a limited liability company incorporated under the laws of the PRC and is an indirectly wholly-owned subsidiary of the Company
“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
“Director(s)”	the director(s) of the Company
“Exhibition Centre”	a household electrical appliances exhibition centre in Shunde Beijiao, Foshan City, the PRC to be developed by the Joint Venture Company
“GEM”	The Growth Enterprise Market of the Stock Exchange
“GEM Listing Rules”	the Rules Governing the Listing of Securities on the GEM of the Stock Exchange
“Group”	the Company and its subsidiaries
“Hong Kong”	the Hong Kong Special Administrative Region of the People’s Republic of China
“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, and an “Independent Third Party” means any of them
“Joint Venture Company”	a joint venture company to be established in the PRC with limited liability pursuant to the Agreement, which will be owned as to 51% by Tianjin HC and as to 49% by Tian Nuo
“Joint Venture Parties”	Tianjin HC and Tian Nuo
“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 par value each of the Company

“Shareholder(s)”	holder(s) of Share(s)
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Tian Nuo”	佛山市天諾投資發展有限公司, a limited liability company incorporated under the laws of the PRC
“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

*Note:*

*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.*

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

the PRC, 3 July 2012

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>.*