

Hong Kong Exchanges and Clearing Limited and The Stock Exchange of Hong Kong Limited take no responsibility for the contents of this announcement, make no representation as to its accuracy or completeness and expressly disclaim any liability whatsoever for any loss howsoever arising from or in reliance upon the whole or any part of the contents of this announcement.



20 years, young HC!

HC INTERNATIONAL, INC.

慧聪网有限公司*

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 2280)

**LETTER OF INTENT IN RELATION TO
THE PROPOSED ACQUISITION**

The Board is pleased to announce that on 3 July 2015, the Company and the Vendors have entered into the Letter of Intent in relation to the Proposed Acquisition.

The Letter of Intent in relation to the Proposed Acquisition is subject to, among others, the execution of the Formal Agreement and any conditions precedent therein. Therefore, the Proposed Acquisition may or may not proceed. Shareholders and potential investors should exercise caution when dealing in the Shares.

This announcement is made pursuant to Rule 13.09 of the Listing Rules and Inside Information Provisions under Part XIVA of the Securities and Futures Ordinance (Cap. 571).

The Board is pleased to announce that 3 July 2015 (after trading hours), the Company and the Vendors have entered into the Letter of Intent in relation to the Proposed Acquisition.

* For identification purposes only

THE LETTER OF INTENT IN RELATION TO THE PROPOSED ACQUISITION

Key terms of the Letter of Intent

As stated in the Letter of Intent, the Company intends to acquire 80.38% of the equity interest of the Target Company which is principally engaged in the provision of vertical websites in the garment industry in the PRC. It holds certain assets related to the operation of the websites under the key domain names: www.efu.com.cn (中國服裝網), www.yifu.net (壹服), www.51fashion.com.cn (時尚飾界), www.5143.cn (服裝加盟網), www.nynet.com.cn (中國內衣網), www.kidsnet.cn (童裝加盟網) and www.t100.cn (T100服裝趨勢網), which are internet portals mainly providing information on fashion brands, finished garment products (such as men's wear, women's wear, children's wear, underwear, shoes, leather goods, down jackets and others), fabrics, ancillary materials (such as buttons, zippers), textile equipment (such as sewing machines, cutting machines, stitching machines, printing machines, automated systems) to business users (such as manufacturers, wholesalers, traders, department stores, shopping malls) in the garment industry.

As at the date of this announcement, the Vendors are in aggregate holding 80.38% of the equity interest of the Target Company. To the best of the Directors' knowledge, information and belief, having made all reasonable enquiries, each of the Vendors and/or their ultimate beneficial owners (as the case may be) is an Independent Third Party.

The parties to the Letter of Intent intend that the total consideration for the Proposed Acquisition (the “**Consideration**”) shall be RMB120,570,000, RMB40,000,000 of which shall be paid in cash and the remaining RMB80,570,000 of which shall be paid by way of issuance of 10,071,250 new Shares by the Company (the “**Consideration Share(s)**”), as calculated on HK\$10 per Consideration Share (the “**Issue Price**”) with an exchange rate of HK\$1=RMB0.8, which shall be subject to the satisfaction of all the conditions precedent in the Formal Agreement as described below and to be set out in the Formal Agreement. In the event that the closing price per Share as quoted on the Stock Exchange on the date of the Formal Agreement or the average closing price per Share as quoted on the Stock Exchange for the five trading days immediately prior to signing of the Formal Agreement is higher than HK\$12.49, the Issue Price will be adjusted to 80.01% of the higher of the abovementioned benchmarked prices and the number of the Consideration Shares will be re-calculated accordingly.

The Consideration shall be adjusted according to the following principles and such other terms as set out in the Formal Agreement:

- (i) The Vendors will provide the performance undertaking to achieve a yearly target amount of RMB10,000,000, RMB13,000,000 and RMB16,900,000 of after-tax profit of the Target Company for each of the three years after completion of the Proposed Acquisition (each year means the 12-month period and each year is a “**Performance Undertaking Year**”); and

- (ii) at the end of each relevant Performance Undertaking Year, the Vendors and the Company shall, subject to the actual performance results of the Target Company and in accordance with the adjustment mechanism to be set out in the Formal Agreement, jointly agree to (a) if required, deduct such number of Consideration Shares in accordance with the “amount of deducted Consideration Shares”; and/or (b) release such number of Consideration Shares to the Vendors in accordance with the “amount of released Consideration Shares”.

Pursuant to the Letter of Intent, among other things, the completion of the Proposed Acquisition will be subject to, inter alia,

- (a) completion of due diligence of the Target Company by the Company to its satisfaction;
- (b) execution and delivery of the Formal Agreement;
- (c) the Vendors obtaining all requisite approvals in relation to Proposed Acquisition, if applicable;
- (d) completion of shareholding restructure or the corporate reorganisation of the Target Company; and
- (e) the Proposed Acquisition being approved by the Board or extraordinary general meeting of the Company (if applicable) and the Stock Exchange (if necessary).

The board of directors of the Target Company currently comprises eight directors. Upon completion of the Proposed Acquisition, it is expected that all existing directors will resign and the board of directors of the Target Company will only comprise five directors. The Company will nominate four directors to the board of directors of the Target Company.

Pursuant to the Letter of Intent, the Vendors have agreed to grant the Company a period of exclusivity in accordance with the terms of the Letter of Intent until the date for signing of the Formal Agreement or for three months after the date of the Letter of Intent, whichever is earlier (the “**Exclusivity Period**”). Each of the Vendors agrees that during the Exclusivity Period, he/it and his/its representatives will not directly or indirectly discuss or negotiate with any person (except with the consent of the Company) in connection with any proposed direct or indirect sale or otherwise disposal of the Target Company. The parties to the Letter of Intent intend to finalise and execute the Formal Agreement within three months from the date of the Letter of Intent.

The Letter of Intent is non-legally binding save for certain provisions relating to the exclusivity, confidentiality and announcements and the governing law and jurisdiction.

In the event the Possible Acquisition materialises, the Possible Acquisition may constitute a notifiable transaction for the Company under Chapter 14 of the Listing Rules and the Company will comply with the relevant requirements of the Listing Rules if necessary.

The Letter of Intent in relation to the Proposed Acquisition is subject to, among others, the execution of the Formal Agreement and any conditions precedent therein. Therefore, the Proposed Acquisition may or may not proceed. Shareholders and potential investors should exercise caution when dealing in the Shares.

DEFINITIONS

In this announcement, unless the context otherwise requires, the following words and expressions shall have the following meanings ascribed to them respectively:

“Board”	the board of Directors
“Company”	HC International, Inc. (慧聰網有限公司*), a company incorporated in Cayman Islands with limited liability, the issued shares of which are listed on the Main Board of the Stock Exchange
“Director(s)”	the director(s) of the Company
“Formal Agreement”	the formal agreement relating to the Proposed Acquisition in a form to the satisfaction of the Company
“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)
“Letter of Intent”	a letter of intent entered into among the Company and the Vendors dated 3 July 2015 in relation to the Proposed Acquisition
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“PRC”	The People’s Republic of China
“Proposed Acquisition”	the proposed acquisition of 80.38% of the equity interest of the Target Company
“Share(s)”	ordinary share(s) of HK\$0.10 each in the issued share capital of the Company
“Shareholder(s)”	holder(s) of the Share(s)
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Target Company”	浙江中服網絡科技有限公司 (Zhe Jiang Zhong Fu Internet Technology Company Limited*), a company incorporated under the Laws of the PRC

“Vendors”	杭州賽點科技有限公司 (Hang Zhou Sai Dian Technology Company Limited*), 浙江浩遠創業投資有限公司 (Zhejiang Hao Yuan Chuang Ye Investment Company Limited*), Chen Xue Jun (陳學軍), He Shun Sheng (何順生) and Cao Guo Xiong (曹國熊)
“HK\$”	Hong Kong Dollars, the lawful currency of the 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, 3 July 2015

As at the date of this announcement, the Board of the Company 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 purposes only*