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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)

MANDATE FOR POSSIBLE MAJOR TRANSACTION

POSSIBLE MAJOR TRANSACTION

The Board would like to seek Shareholders' authorisation for the Subsidiary, an indirectly 59%-owned subsidiary of the Company, to bid at the Tender for the land use rights of the Land.

The Land comprises an area of 43,964.82 square meters and located at east of State Road 105, Beijiao Town, Shunde, Foshan, Guangdong Province (廣東省佛山市順德北滘鎮105國道東側) of the PRC. The Tender for the Land is expected to be held by the Bureau from 26 January 2013 to 5 February 2013. The Ceiling for the Possible Acquisition which the Subsidiary is prepared to bid at the Tender is RMB355,000,000. The Subsidiary intends to acquire and use the Land to build a B2B household electrical appliances business exhibition centre.

LISTING RULES IMPLICATIONS

The Possible Acquisition, if materialises, will constitute a major transaction for the Company and is subject to, among other things, the approval by the Shareholders under Chapter 19 of the GEM Listing Rules.

If the Subsidiary's bidding for the Land is successful, it will thereupon become unconditionally obliged to purchase the Land and would not be able at the time to seek the approval of Shareholders that is required under Chapter 19 of the GEM Listing Rules. Accordingly, the Directors are seeking the Shareholders' advance approval for the grant of the Proposed Mandate.

As the Possible Acquisition may or may not proceed, Shareholders and potential investors should exercise caution when dealing in the Shares.

* For identification purposes only

The Board would like to seek Shareholders' authorisation for the Subsidiary, an indirectly 59%-owned subsidiary of the Company, to bid at the Tender for the land use rights of the Land.

POSSIBLE MAJOR TRANSACTION

The Subsidiary proposes to participate at the Tender for the Land, which is expected to be held by the Bureau in accordance with national laws and regulations as open tender for sale of the Land from 26 January 2013 to 5 February 2013 (at 10:00 a.m.). Live auction will be held to determine the winner of the Tender on 5 February 2013 if any bidder is willing to continue the bidding.

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

Information of the Land

The Land comprises an area of 43,964.82 square meters and located at east of State Road 105, Beijiao Town, Shunde, Foshan, Guangdong Province (廣東省佛山市順德北滘鎮105國道東側) of the PRC. It is currently vacant.

The Land is purported to be used for commercial service facilities, on which comprehensive and holistic development focusing on business exhibition shall take place. Pursuant to the Planning Conditions, the Land shall have a plot ratio of not more than 3.8, and its total floor area of the Land shall be not more than 167,066.31 square meters. Building Density of the Land shall be not more than 45%. The term of the land use rights of the Land shall be 40 years.

Pursuant to the notice of the Tender, construction shall commence within 11 months after the delivery of the Land (the "Delivery"), 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 the 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 the Delivery.

Pursuant to the notice of the Tender, no more than 50% of the total floor area of the Land can be sold or transferred within 7 years after the Delivery. An additional 30% of the total area of the Land can be sold starting the 8th year from the Delivery. The entire area can be freely transferable starting the 17th year from the Delivery.

Ceiling for the Bid

The starting price of the Tender is RMB334,480,000. Bidder(s) will be required to pay earnest money of RMB66,890,000 at or before 9:00 a.m. on 5 February 2013. The Ceiling for the Possible Acquisition which the Subsidiary is prepared to bid at the Tender is RMB355,000,000.

Shareholders should note that the final bid prices for the Land to be submitted by the Subsidiary will depend on, among other things, the Group's view on the property market and its prospects on the date of the Tender as well as the bid prices submitted by competitors at the Tender, but will in any event not exceed the Ceiling.

It is currently expected that the Subsidiary will finance the payment for the Possible Acquisition by its internal resources and loans from shareholders of the Subsidiary.

If the Subsidiary wins the Tender, the Subsidiary will enter into the Transfer Contract with the Bureau. All consideration for the Land shall be paid within 30 natural days upon closing of the transaction whereupon the Land will be delivered.

The Directors consider that the Ceiling is fair and reasonable having taken into account the location and potential value of the Land and the preliminary valuation of the Land of RMB356,000,000, as at 31 December 2012 as assessed by an independent property valuer appointed by the Company. The valuation report of the Land will be included in the circular to be sent to the Shareholders in relation to the Possible Acquisition.

REASONS FOR AND BENEFITS OF THE POSSIBLE ACQUISITION

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 is an indirectly 59%-owned subsidiary of the Company principally engaged in the construction, development and operation of a household electrical appliances exhibition centre in Shunde Beijiao, Foshan City, the PRC.

The Subsidiary intends to acquire and 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 Company 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 assist in laying the foundation for the Group's development.

In light of the above, the Directors consider that the Possible Acquisition and the Proposed Mandate to be granted are in the interests of the Company and the Shareholders as a whole and the terms thereof are fair and reasonable.

LISTING RULES IMPLICATIONS

The Possible Acquisition, if materialises, will constitute a major transaction for the Company and is subject to, among other things, the approval by the Shareholders under Chapter 19 of the GEM Listing Rules.

If the Subsidiary's bidding for the Land is successful, it will thereupon become unconditionally obliged to purchase the Land and would not be able at the time to seek the approval of Shareholders that is required under Chapter 19 of the GEM Listing Rules. Accordingly, the Directors are seeking the Shareholders' advance approval for the grant of the Proposed Mandate.

GENERAL

A circular containing, among others, (i) further information on the Possible Acquisition; (ii) a valuation report on the Land; (iii) a notice of the EGM to be convened and held to consider, and if thought fit, the Possible Acquisition and to grant the Directors the Proposed Mandate; and (iv) other information required under the Listing Rules, will be despatched to the Shareholders on or before 18 January 2013.

An announcement containing, among others, (i) the result of the Subsidiary's bid to be submitted at the Tender and, (ii) should its bid be successful, the final bid price submitted by Subsidiary will be made by the Company as soon as practicable.

As the Possible Acquisition may or may not proceed, Shareholders and potential investors should exercise caution when dealing in the Shares.

DEFINITIONS

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

“Board”	the board of Directors
“Bureau”	The Land Construction and Water Conservancy Bureau of Shunde, Foshan (佛山市順德區國土城建和水利局)
“Ceiling”	RMB355,000,000, being the maximum amount the Subsidiary is willing to bid at the Tender for the acquisition of the land use rights of the Land
“Company”	HC International, Inc., a company incorporated in the Cayman Islands with limited liability and the shares of which are listed on GEM
“Director(s)”	the director(s) of the Company

“EGM”	the extraordinary general meeting of the Company to be convened and held to consider, and if thought fit, to approve the Possible Acquisition and to grant the Directors the Proposed Mandate
“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 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 (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 (廣東省佛山市順德北滘鎮105國道東側8號) of the PRC
“Planning Conditions”	the Construction Land Planning Conditions (建設用地規劃條件) for the Land promulgated by the Bureau
“Possible Acquisition”	the possible acquisition of the land use rights of the Land by the Subsidiary if it is successful at the Tender
“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
“Proposed Mandate”	the authorities proposed to be granted to the Directors in advance by the Shareholders at the EGM to engage in the Possible Acquisition
“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)
“Tender”	the public tender for the sale of the land use rights of the Land
“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
“Transfer Contract”	transfer contract for land use rights of state-owned land (國有土地使用權出讓合同書) for the Land to be entered into by the Subsidiary if it is successful at the Tender
“%”	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.*

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

Beijing, the PRC, 7 January 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 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>.