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HC INTERNATIONAL, INC.

慧聪网有限公司*

(incorporated in the Cayman Islands with limited liability)

(Stock Code: 8292)

**MAJOR AND CONNECTED TRANSACTION
IN RELATION TO
ACQUISITION OF 18% EQUITY INTERESTS IN
BEIJING HUICONG INTERNATIONAL INFORMATION CO., LTD***

On 27 April 2010, the Purchaser and the Vendor entered into the Agreement, pursuant to which the Vendor has agreed to sell its 18% equity interests in Beijing Huicong to the Purchaser at a consideration of RMB54,800,000 (equivalent to approximately HK\$62,273,000).

The Purchaser is a wholly-owned subsidiary of the Company. The Vendor is owned as to 80% by an executive Director and the Chairman of the Company, Mr. Guo Fansheng. The Vendor is an associate of Mr. Guo Fansheng and is therefore a connected person of the Company. The Acquisition constitutes a connected transaction of the Company under Chapter 20 of the GEM Listing Rules and is subject to the reporting, announcement and independent shareholders' approval requirements. Based on the applicable ratios, the Acquisition also constitutes a major transaction under Chapter 19 of the GEM Listing Rules.

An EGM will be convened for the purpose of seeking the Independent Shareholders' approval in respect of the Acquisition. In view of the interest of Mr. Guo Fansheng in the Acquisition, Mr. Guo Fansheng and his associates will abstain from voting in respect of the resolutions to approve the Acquisition.

The Independent Board Committee comprising all the independent non-executive Directors will be formed to advise the Independent Shareholders. An independent financial adviser will be appointed to advise the Independent Board Committee and the Independent Shareholders in this regard.

A circular containing, among others, details of the Agreement, the letter of advice from the Independent Board Committee and the letter of advice from the independent financial adviser, together with a notice for EGM will be dispatched to the Shareholders as soon as practicable.

* For identification purposes only

Set out below is the summary of the principal terms of the Agreement:

THE AGREEMENT

Date

27 April 2010

Parties

- (a) The Vendor. The Vendor is a company incorporated in the PRC and is owned as to 80% by an executive Director and the Chairman of the Company, Mr. Guo Fansheng. The remaining 20% equity interest is owned by Wang Chong and Wang Yonghui who are Independent Third Parties. The Vendor is an associate of Mr. Guo Fansheng and is therefore a connected person of the Company.
- (b) The Purchaser. The Purchaser is a company incorporated in the British Virgin Islands and is a wholly-owned subsidiary of the Company.

Asset to be purchased

18% equity interests in Beijing Huicong will be sold to the Purchaser by the Vendor pursuant to the Agreement.

Consideration

The total consideration in respect of the Acquisition shall be RMB54,800,000 (equivalent to approximately HK\$62,273,000), of which RMB27,400,000 (equivalent to approximately HK\$31,140,000) shall be paid to the Vendor in cash within 10 days after the approval(s) from the PRC governmental authorities becoming effective whereas the remaining RMB27,400,000 (equivalent to approximately HK\$31,140,000) shall be paid to the Vendor upon completion of the business certificate registration of Beijing Huicong with the Beijing Administration for Industry and Commerce. The consideration will be financed by internal resources of the Group.

The consideration was determined with reference to a valuation report issued by the Valuer. The valuation method adopted by the Valuer in the valuation report is market value approach. The valuation is taken into account of, among others (a) the business nature of Beijing Huicong; (b) management account of Beijing Huicong as at 31 December 2009; and (c) the economic outlook in general and the specific economic environment where Beijing Huicong is located, the competitors located in the neighborhood, and competitive advantages and disadvantages of Beijing Huicong.

Based on the valuation report dated 9 April 2010, the valuation of 18% equity interests in Beijing Huicong as at 31 December 2009 was RMB54,800,000 (equivalent to approximately HK\$62,273,000). The Board (excluding independent non-executive Directors who will defer their opinions after taking into account the advice from the independent financial adviser) considers that the consideration and the terms of the Agreement are fair and reasonable and in the interests of the Company and the Shareholders as a whole.

Financial Information of Beijing Huicong

The net loss (after taxation and extraordinary items) for the financial year ended 31 December 2008 based on PRC GAAP was RMB10,965,000 (equivalent to approximately HK\$12,460,230) and the net profit (after taxation and extraordinary items) for the financial year ended 31 December 2007 based on PRC GAAP was RMB8,733,000 (equivalent to approximately HK\$9,923,870) respectively.

Completion

Completion shall be subject to the satisfaction of the following conditions:

- (a) approval from the Independent Shareholders having been obtained; and
- (b) approval from PRC governmental authorities having been obtained.

Upon completion of the Acquisition, Beijing Huicong will become a wholly-owned subsidiary of the Company. Prior to the Acquisition, Beijing Huicong is a non wholly-owned subsidiary of the Company and its financial results have already been consolidated into the financial results of the Group.

INFORMATION OF BEIJING HUICONG

Beijing Huicong is a sino-foreign cooperative joint venture incorporated under the laws of PRC on 8 April 1999 with limited liability. Its principal business activity includes provision of business information in the PRC. The authorized share capital of Beijing Huicong is RMB110,000,000 (equivalent to approximately HK\$125,000,000).

REASONS FOR THE ACQUISITION

Beijing Huicong was established in the form of a sino-foreign co-operative joint venture as a result of the need for internal restructuring and the then applicable legal requirements at the time of establishment. The relevant legal requirements for conducting advertising business in the PRC have been relaxed such that the Company can be allowed to hold the entire equity interest in Beijing Huicong under the current legal regime. In order to allow more flexibility in the control of Beijing Huicong, the Board considers that it will be beneficial to the Group if the Group can acquire the remaining equity interest in Beijing Huicong from the Vendor and to have full control over the management and the operation of Beijing Huicong.

The terms of the Agreement are determined after arm's length negotiations between the parties thereto and are in the ordinary and normal course of business. The Directors (excluding the independent non-executive Directors who will defer their opinions after taking into account the advice from the independent financial adviser) believe that the terms of the Agreement and the Acquisition are fair and reasonable and in the interests of the Company and the Shareholders as a whole.

INFORMATION OF THE GROUP, THE PURCHASER AND THE VENDOR

The principal activities of the Company is investment holding and the subsidiaries are engaged in advertising activities and provision of business information in the PRC.

The principal business activity of the Purchaser is investment holding.

The Vendor is principally engaged in provision of information through internet.

GEM LISTING RULES' IMPLICATION

The Vendor is owned as to 80% by an executive Director and the Chairman of the Company, Mr. Guo Fansheng. The Vendor is an associate of Mr. Guo Fansheng and is therefore a connected person of the Company. The Acquisition constitutes a connected transaction of the Company under Chapter 20 of the GEM Listing Rules. Based on the applicable ratios, the Acquisition also constitutes a major transaction under Chapter 19 of the GEM Listing Rules. There were no transactions entered into between the Purchaser and the Vendor within 12 months which shall be aggregated pursuant to Rule 20.25 of the GEM Listing Rules.

In view of the interest of Mr. Guo Fansheng in the Acquisition, Mr. Guo Fansheng and his associates will abstain from voting in respect of the resolutions to approve the Acquisition.

GENERAL

The Independent Board Committee comprising all the independent non-executive Directors will be formed to advise the Independent Shareholders. An independent financial adviser will be appointed to advise the Independent Board Committee and the Independent Shareholders in this regard.

A circular containing, among others, details of the Agreement, the letter of advice from the Independent Board Committee, the letter of advice from the independent financial adviser, together with a notice of EGM will be dispatched to the Shareholders as soon as practicable.

DEFINITIONS

In this announcement, the following terms have the following meanings:

“Acquisition”	the acquisition of 18% equity interests in Beijing Huicong at a total consideration of RMB54,800,000 by the Purchaser from the Vendor pursuant to the terms of the Agreement
“Agreement”	the sale and purchase agreement dated 27 April 2010 entered into between the Purchaser and the Vendor in connection with the Acquisition
“associate(s)”	has the meaning ascribed to this term under the GEM Listing Rules

“Beijing Huicong”	北京慧聰國際資訊有限公司 (Beijing Huicong International Information Co., Ltd.*), a limited liability company incorporated in the PRC in the form of sino-foreign co-operative joint venture and is owned as to 82% by the Purchaser and 18% by the Vendor
“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 GEM (stock code: 8292)
“connected person(s)”	has the meaning ascribed to this term under the GEM Listing Rules
“Directors”	the directors of the Company
“EGM”	an extraordinary general meeting of the Company to be convened for the purpose of considering and approving the Acquisition
“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
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong
“Independent Board Committee”	an independent committee of the Board comprising the independent non-executive Directors, namely Mr. Zhang Ke, Mr. Xiang Bing and Mr. Guo Wei
“Independent Shareholders”	Shareholders other than Mr. Guo Fansheng and his associates
“Independent Third Party(ies)”	party or parties that is or are not connected with the Company and/or connected with the directors, chief executive, promoters, management shareholders or substantial shareholders of the Company or any of its subsidiaries or their respective associates

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“PRC”	the People’s Republic of China which, for the purpose of this announcement, excludes Hong Kong, Macau and Taiwan
“PRC GAAP”	PRC Generally Accepted Accounting Principles
“Purchaser”	Hong Kong Huicong International Group Limited (香港慧聰國際集團有限公司), a limited liability company incorporated in the British Virgin Islands and is wholly-owned by the Company
“RMB”	Renminbi, the lawful currency of the PRC
“Shareholder(s)”	registered holder(s) of the shares of the Company
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Valuer”	Vigers Appraisal & Consulting Limited, a limited liability company incorporated in Hong Kong, which was engaged to conduct a valuation on Beijing Huicong
“Vendor”	北京慧聰建設信息諮詢有限公司 (Beijing Huicong Construction Information Consulting Co., Ltd.*), a limited liability company incorporated in the PRC which is owned as to 80% by Mr. Guo Fansheng, an executive Director and the Chairman of the Company

By Order of the Board
HC International, Inc.
Guo Jiang

Chief Executive Officer and Executive Director

Beijing, the PRC
27 April 2010

As at the date of this announcement, the board of directors of the Company comprises:

Mr. Guo Fansheng (*Executive Director*)
Mr. Guo Jiang (*Executive Director and Chief Executive Officer*)
Mr. Li Jianguang (*Non-executive Director*)
Mr. Zhang Ke (*Independent non-executive Director*)
Mr. Xiang Bing (*Independent non-executive Director*)
Mr. Guo Wei (*Independent non-executive Director*)

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This announcement, for which the directors of the Company collectively and individually accepted 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 of the Company having made all reasonable enquiries, confirm that, to the best of their knowledge and belief: (1) the information contained in this announcement is accurate and complete in all material respects and not misleading; (2) there are no other matters the omission of which would make any statement in this announcement misleading; and (3) all opinions expressed in this announcement have been arrived after due and careful consideration and are founded on bases and assumptions that are fair and reasonable.

This announcement will remain on the GEM website at <http://www.hkgem.com> on the “Latest Company Announcements” page for at least 7 days from the day of its posting.

In this announcement, the exchange rate between HK\$ and RMB is HK\$1.00=RMB0.88.