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*20 years, young HC!*

**HC INTERNATIONAL, INC.**

**慧聰網有限公司\***

*(Incorporated in the Cayman Islands with limited liability)*

**(Stock Code: 2280)**

**DISCLOSEABLE TRANSACTION  
IN RELATION TO  
THE ACQUISITION OF SHARES OF INNER MONGOLIA  
HOHHOT JINGU RURAL COMMERCIAL BANK  
LIMITED COMPANY\***

**THE SALE AND PURCHASE AGREEMENT**

The Board is pleased to announce that on 22 July 2015 (after trading hours), the Purchaser, an indirect wholly-owned subsidiary of the Company, entered into the Sale and Purchase Agreement with the Vendor, pursuant to which the Purchaser has conditionally agreed to acquire and the Vendor has conditionally agreed to sell the Sale Shares, representing approximately 2.49% of the issued share capital of the Target Company which is a commercial bank based in Inner Mongolia, for a consideration of RMB57,900,000.

As one or more of the relevant percentage ratios in respect of the Acquisition exceed(s) 5% but is/are less than 25%, the Acquisition constitutes a discloseable transaction for the Company and is subject to reporting and announcement requirements of Chapter 14 of the Listing Rules.

**THE SALE AND PURCHASE AGREEMENT**

**Date**

22 July 2015 (after trading hours)

**Parties**

Parties: (a) 北京慧聰互聯信息技術有限公司 (HC Internet Information Technology Company Limited\*), being the Purchaser

(b) 王鳳鳳 (Wang Feng Feng), being the Vendor

\* For identification purposes only

To the best of the Directors' knowledge, information and belief, having made all reasonable enquiries, the Vendor is a third party independent of the Company and its connected persons (as defined under the Listing Rules).

### **Assets to be acquired**

Pursuant to the Sale and Purchase Agreement, the Purchaser has conditionally agreed to acquire and the Vendor has conditionally agreed to sell the Sale Shares, representing approximately 2.49% of the issued share capital of the Target Company as at the date of this announcement.

### **Consideration**

The consideration for the Sale Shares is RMB57,900,000, which shall be paid in cash by the Purchaser in the following manner:

- (a) RMB53,000,000 shall be payable to the Vendor within three business days after fulfillment of all the conditions of the Sale and Purchase Agreement; and
- (b) the remaining balance of RMB4,900,000 shall be payable to the Vendor within three business days after completion of the industrial and commercial registration of change in shareholding of the Target Company.

The consideration for the Acquisition of RMB57,900,000 was arrived at after arm's length negotiations between the parties to the Sale and Purchase Agreement and with reference to the net assets of the Target Company as at 30 June 2015. The Directors (including the independent non-executive Directors) consider that the consideration for the Acquisition is fair and reasonable and on normal commercial terms and in the interests of the Company and the Shareholders as a whole.

Pursuant to the Sale and Purchase Agreement, the Vendor has the right to receive the dividends payable by the Target Company before the date of the Sale and Purchase Agreement and the Purchaser has the right to receive the dividends payable by the Target Company after the date of the Sale and Purchase Agreement (inclusive).

### **Conditions**

Pursuant to the Sale and Purchase Agreement, completion of the Sale and Purchase Agreement is subject to the following conditions:

- 1. the Sale and Purchase Agreement having become effective;
- 2. the Vendor does not violate any statements, guarantees and undertakings under the Sale and Purchase Agreement;
- 3. the Vendor having issued an undertaking letter regarding the Sale Shares and the Acquisition as required by the Purchaser; and
- 4. all necessary authorisations, consents and approvals regarding the Sale and Purchase Agreement and the transactions contemplated thereunder (including but not limited to the board approval and shareholders' approval of the Target Company) having been obtained.

The above conditions precedent shall be fulfilled within three months from the date of the signing of the Sale and Purchase Agreement.

## Completion

Completion of the Sale and Purchase Agreement shall take place on the date of completion of the industrial and commercial registration of the change in shareholding of the Target Company.

## INFORMATION ON THE TARGET COMPANY

The predecessor of the Target Company was 呼 和 浩 特 金 谷 農 村 合 作 銀 行 (Hohhot Jingu Rural Cooperative Bank\*) which has been transformed into the Target Company in April 2014 under the approval from the Inner Mongolia Office of the China Banking Regulatory Commission. The Target Company, 金 谷 農 商 銀 行 (Jingu Rural Commercial Bank\*), was duly incorporated in Inner Mongolia, PRC, on 18 April 2014 as a joint stock company with a total issued shares of 774,755,333 and registered capital of RMB774,755,333 as at the date of this announcement.

The Target Company's banking products and services primarily consist of bank deposits; short term, medium term and long term loans and advances; settlement services in the PRC; bill discounting; issuance of government bonds; trading of government bonds and financial bonds; agency services for receivables and insurance; bank cards; provision of safety boxes services and other businesses approved by 中國銀行業監督管理委員會 (China Banking Regulatory Commission\*). Currently, the Target Company has around 18 primary sub-branches and 89 secondary sub-branches in Hohhot, Inner Mongolia, the PRC.

## Financial information of the Target Company

Set out below is a summary of the financial information of the Target Company for the two years ended 31 December 2014 and for the six months ended 30 June 2015

	<b>Audited financial information of Hohhot Jingu Rural Cooperative Bank for the year ended 31 December 2013 RMB'000</b>	<b>Audited financial information of the Target Company for the year ended 31 December 2014 RMB'000</b>	<b>Unaudited financial information of the Target Company for the six months ended 30 June 2015 RMB'000</b>
Revenue	1,364,536	1,545,866	791,753
Profit before taxation	658,377	608,855	259,996
Profit after taxation	487,636	448,852	194,997
Net assets	2,134,767	2,436,411	2,627,131

Upon Completion, the financial results of the Target Company will be recorded as a long term investment in the consolidated financial statements of the Company.

## **INFORMATION ON THE GROUP**

Currently, the Group has five business segments, namely: (i) on-line services, (ii) trade catalogues and yellow page directories, (iii) seminars and other services, (iv) B2B household electrical appliances business exhibition centre and (v) anti-counterfeiting products and services.

## **REASONS FOR AND BENEFITS OF THE ACQUISITION**

As mentioned in the annual report of the Company for the year ended 31 December 2014, the Company will continue to focus on domestic trade and enhance the capabilities of its B2B eCommerce platform by providing vertical in-depth interactive portals and internet finance to satisfy the needs of small to medium enterprises (the “SMEs”), also via constant products innovation and value-added services offerings to both SMEs and established companies.

Mai Mai Loan, a finance product developed by the Company’s joint venture company, Digital China HC Micro-Credit Co., Ltd., is one of the services which can facilitate the growth of B2B trading platforms. The Company also cooperates with financial institutions to provide micro-finance product to SMEs which are facing difficulties in securing bank loan with increasing costs of loan resulted from the contracted capital liquidity in the PRC. Mai Mai Loan and micro-finance product offer our customers opportunities to apply for micro-credit loan from both Digital China HC Micro-Credit Co., Ltd. and financial institutions that the Company cooperates with. Thus the eligible customers can apply for these financial products based on their creditworthiness on hc360.com. The financial products can help the SMEs to improve their liquidity to a certain extent.

In addition to Mai Mai Loan, leveraging on the Company’s investment in the Target Company, the Company will explore potential business opportunities of the Target Company in provision of internet micro-finance product to SMEs. This is in line with the Company’s strategy to develop through vertical integration. With the banking products and services of the Target Company, the Company expects there will be considerable synergies in the area of B2B internet finance.

The Directors (including the independent non-executive Directors) consider the terms and conditions of the Sale and Purchase Agreement are fair and reasonable and on normal commercial terms and are in the interests of the Company and the Shareholders as a whole.

## **IMPLICATIONS UNDER THE LISTING RULES**

As one or more of the relevant percentage ratios in respect of the Acquisition exceed(s) 5% but is/are less than 25%, the Acquisition constitutes a discloseable transaction for the Company and is subject to reporting and announcement requirements of Chapter 14 of the Listing Rules.

## DEFINITIONS

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

“Acquisition”	the proposed acquisition of the Sale Shares under the Sale and Purchase Agreement
“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
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“PRC”	The People’s Republic of China
“Purchaser”	北京慧聰互聯信息技術有限公司 (HC Internet Information Technology Company Limited*), a company incorporated in the PRC and an indirect wholly-owned subsidiary of the Company
“Sale and Purchase Agreement”	the sale and purchase agreement entered into on 22 July 2015 between the Purchaser and the Vendor for the sale and purchase of the Sale Shares
“Sale Shares”	19,300,000 shares of the Target Company, representing approximately 2.49% of the issued share capital 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”	內蒙古呼和浩特金谷農村商業銀行股份有限公司 (Inner Mongolia Hohhot Jingu Rural Commercial Bank Limited Company*), a joint stock company incorporated in the PRC
“Vendor”	王鳳鳳 (Wang Feng Feng)

“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, 22 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*)

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