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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: 2280)

**DISCLOSEABLE TRANSACTION
IN RELATION TO
THE SUBSCRIPTION OF SHARES IN
SHANGHAI GANGYIN**

THE SUBSCRIPTION AGREEMENT

The Board is pleased to announce that on 15 January 2016 (after trading hours), the Subscriber, an indirect wholly-owned subsidiary of the Company, entered into the Subscription Agreement with Shanghai Gangyin, pursuant to which the Subscriber has agreed to subscribe for 22,000,000 Subscription Shares at the Subscription Price of RMB4.5 per Subscription Share. The Consideration, being RMB99,000,000, will be settled by the Subscriber in cash.

As one of the relevant percentage ratios in respect of the Subscription exceeds 5% but is less than 25%, the Subscription constitutes a discloseable transaction for the Company and is subject to reporting and announcement requirements of Chapter 14 of the Listing Rules.

THE SUBSCRIPTION AGREEMENT

Date

15 January 2016 (after trading hours)

Parties

- (i) 北京慧聰再創科技有限公司 (Beijing Huicong Zaichuang Technology Co., Ltd*) as the Subscriber; and
- (ii) Shanghai Gangyin.

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

Subscription Shares and Subscription Price

The registered capital of Shanghai Gangyin will be increased from RMB642,140,000 to RMB792,140,000 through the Capital Increase (if the maximum number of 150,000,000 Shares will be allotted). As at the date of this announcement, as confirmed by Shanghai Gangyin, other than the Company, subscription agreements in relation to an aggregate of approximately 108,000,000 shares of Shanghai Gangyin (the “**Other Subscription Agreements**”) have been entered into between Shanghai Gangyin and other subscribers (each being a party independent of the Company and its connected persons (as defined in the Listing Rules)).

Pursuant to the Subscription Agreement, the Subscriber will subscribe for 22,000,000 Subscription Shares, representing (i) approximately 3.43% of the issued share capital of Shanghai Gangyin as at the date of this announcement, (ii) approximately 2.85% of the issued share capital of Shanghai Gangyin as enlarged by the proposed capital increase pursuant to the Subscription Agreement and the Other Subscription Agreements, and (iii) approximately 2.78% of the issued share capital of Shanghai Gangyin as enlarged by the Capital Increase (if the maximum number of 150,000,000 Shares will be allotted), at the Subscription Price of RMB4.5 per Subscription Share. The Consideration, being RMB99,000,000, will be settled by the Subscriber in cash on or before 29 January 2016.

The Subscription will be funded by the Group with its internal resources.

The Subscription Price was arrived at after arm's length negotiations between the parties to the Subscription Agreement with reference to, among others, the industry and growth of Shanghai Gangyin, the net assets of Shanghai Gangyin as at 30 June 2015 and the share issue proposal of Shanghai Gangyin in relation to the Capital Increase. The Directors (including the independent non-executive Directors) consider that each of the Subscription Price and the Consideration is fair and reasonable and the Subscription is on normal commercial terms and in the interests of the Company and the Shareholders as a whole.

Upon completion of the Subscription, the Subscriber will own 22,000,000 shares of Shanghai Gangyin, representing approximately 2.78% of Shanghai Gangyin's issued share capital as enlarged by the Capital Increase (if the maximum number of 150,000,000 Shares will be allotted).

Completion

There is no condition precedent to the Subscription Agreement. Shanghai Gangyin shall engage qualified accountants to carry out capital verification within 30 days from the deadline for settlement of the Consideration. Upon completion of capital verification, Shanghai Gangyin shall, within 60 days, complete the relevant industrial and commercial as well as China Securities Depository and Clearing Company Limited registration procedures (the “**Registration Procedures**”) in relation to the change in shareholding of Shanghai Gangyin.

Completion of the Subscription Agreement shall take place on the date of completion of the Registration Procedures, and Shanghai Gangyin will deliver a copy of the new business licence and register of members to the Subscriber within seven business days thereafter.

INFORMATION OF SHANGHAI GANGYIN

Shanghai Gangyin is a company established in the PRC on 15 February 2008 with total issued share capital of RMB642,140,000 and registered capital of RMB642,140,000 as at the date of this announcement. The shares of Shanghai Gangyin are quoted on the National Equities Exchange and Quotations (全國中小企業股份轉讓系統) in the PRC (stock code: 835092).

Shanghai Gangyin is principally engaged in the provision of e-commerce services for the trade of iron and steel commodities. Through operating a third party platform, 鋼銀平台 (Gangyin Platform*) (www.banksteel.com), Shanghai Gangyin provides upstream and downstream enterprises in the iron and steel industry with a package solution to e-commerce. This includes iron and steel trading services such as deal matching and consignment, as well as providing clients with a series of value-added services such as payment and settlement, warehouse storage, and logistics through 鋼銀平台 (Gangyin Platform*) and strategic partners.

Financial information of Shanghai Gangyin

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

	Audited financial information of Shanghai Gangyin for the year ended 31 December 2013 RMB'000 (approximately)	Audited financial information of Shanghai Gangyin for the year ended 31 December 2014 RMB'000 (approximately)	Unaudited financial information of Shanghai Gangyin for the six months ended 30 June 2015 RMB'000 (approximately)
Revenue	1,368,116	7,368,038	8,985,671
Profit before taxation	8,652	(23,615)	(247,339)
Profit after taxation	6,448	(17,925)	(247,339)
Net assets	165,189	711,474	796,135
Total assets	342,884	1,157,450	1,988,994

Upon completion of the Subscription, the financial results of Shanghai Gangyin will be recorded as available for sale asset measured at fair value under non-current asset.

INFORMATION OF 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) O2O household electrical appliances business exhibition centre and (v) anti-counterfeiting products and services.

REASONS FOR AND BENEFITS OF THE SUBSCRIPTION

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 e-commerce 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.

Shanghai Gangyin is an e-commerce platform for bulk commodities, and its business model of e-commerce platform together with supply chain finance has development potential. The Company expects that there will be cooperation opportunities and synergies between the Company and Shanghai Gangyin in the upstream area of B2B in the future.

The Directors (including the independent non-executive Directors) consider the terms of the Subscription 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 of the relevant percentage ratios in respect of the Subscription exceeds 5% but is less than 25%, the Subscription 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:

“Board”	the board of Directors
“Capital Increase”	the proposed capital increase and allotment of a maximum of 150,000,000 shares by Shanghai Gangyin
“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
“Consideration”	RMB99,000,000, being the aggregate subscription price payable by the Subscriber for the Subscription
“Director(s)”	the director(s) of the Company
“Group”	the Company and its subsidiaries
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“PRC”	the People’s Republic of China
“RMB”	Renminbi, the lawful currency of the PRC
“Shanghai Gangyin”	上海鋼銀電子商務股份有限公司 (Shanghai Gangyin E-Commerce Co., Ltd*), a company established in the PRC
“Shareholder(s)”	holder(s) of the ordinary share(s) of HK\$0.10 each in the issued share capital of the Company
“Stock Exchange”	The Stock Exchange of Hong Kong Limited

“Subscriber”	北京慧聰再創科技有限公司 (Beijing Huicong Zaichuang Technology Co., Ltd*), a company established in the PRC and an indirect wholly-owned subsidiary of the Company
“Subscription”	the proposed subscription of the 22,000,000 Subscription Shares, each at the Subscription Price, by the Subscriber pursuant to the Subscription Agreement
“Subscription Agreement”	the subscription agreement dated 15 January 2016 entered into between the Subscriber and Shanghai Gangyin in respect of the Subscription
“Subscription Price”	RMB4.5 per Subscription Share
“Subscription Share(s)”	22,000,000 shares of RMB1 each in the share capital of Shanghai Gangyin proposed to be subscribed by the Subscriber pursuant to the Subscription Agreement
“%”	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, 15 January 2016

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)

* For identification purposes only