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HC INTERNATIONAL, INC.

慧聪集團有限公司*

(incorporated in the Cayman Islands with limited liability)

(Stock Code: 02280)

**VOLUNTARY ANNOUNCEMENT
PROGRESS OF BLOCKCHAIN TECHNOLOGY APPLICATION
PROJECT OF THE GROUP**

This announcement is made by HC International, Inc. (the “Company”, together with its subsidiaries, the “Group”) on a voluntary basis.

References are made to the announcements of the Company dated 31 January 2018 and 16 March 2018 in relation to the cooperation framework agreements entered into by the Group and Joyvio Agriculture Development Co., Ltd.* (佳沃農業開發股份有限公司), Silk Road International Cooperation Working Committee* (絲綢之路國際合作工作委員會) and the Electronic Commerce Service Base Working Committee of China Electronic Commerce Association* (中國電子商務協會電子商務服務基地工作委員會) respectively, in respect of cooperation for blockchain technology application.

In order to expand the blockchain technology application to traditional industries, the Group entered into a strategic cooperation agreement (the “Cooperation Framework Agreement”) and supplemental agreements to project cooperation contracts (the “Supplemental Agreements”) (Cooperation Framework Agreement and Supplemental Agreements collectively referred to as the “Blockchain Technology Cooperation Agreements”) with Shandong Dezhou Braised Chicken Co., Ltd. (山東德州扒雞股份有限公司) (“Shandong Dezhou Braised Chicken”), Shandong Hongjitang Pharmaceutical Group Co., Ltd. (山東宏濟堂製藥集團股份有限公司) (“Shandong Hongjitang”) and Beijing Tong Ren Tang Commercial Investment Group Co., Ltd. (北京同仁堂商業投資集團有限公司) (“Beijing Tong Ren Tang”) respectively.

* For identification purposes only

SHANDONG DEZHOU BRAISED CHICKEN

The Group recently entered into a Cooperation Framework Agreement with Shandong Dezhou Braised Chicken, to lay a foundation for a stable strategic cooperation partnership. Leveraging on the blockchain service advantages of the Group, it combines brand anti-counterfeiting, smart source tracking, scene application, blockchain building, supply chain innovation and smart marketing with the products of Shandong Dezhou Braised Chicken, to address credit issues relating to the products of Shandong Dezhou Braised Chicken on certain aspects, such as supply of information flow, helping its products to gain a dominant position in a market environment with increasing consumption upgrade and continuously enhanced requirements on quality.

The term of the Cooperation Framework Agreement is one year. The Cooperation Framework Agreement may be terminated by unanimous agreement of both parties through negotiation. The Cooperation Framework Agreement is only a framework agreement. Both parties shall further enter into a formal agreement or a supplemental agreement in respect of specific plans regarding the cooperating business under the Cooperation Framework Agreement. If a formal agreement or a supplemental agreement is entered into, the Company will make another announcement in accordance with the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the “Listing Rules”) as necessary or appropriate.

Shandong Dezhou Braised Chicken is a provincial-level enterprise group focusing on breeding poultry, meat and eggs processing, catering service and food operations. It is also a national key leading enterprise of agricultural industrialisation, a national leading enterprise in poverty alleviation, a top 50 enterprise in meat products industry of China, a designated halal food producer for ethnic minorities in China, a time-honored enterprise in China and an enterprise with AAA grade credit rating granted by bank.

SHANDONG HONGJITANG

The Group and Shandong Hongjitang entered into whole-chain tracking project procurement contract (the “Procurement Contract”) in August 2017, pursuant to which the Group provided Shandong Hongjitang with whole-chain tracking system for donkey-hide gelatin. Recently, the Group and Shandong Hongjitang entered into a supplemental agreement in relation to the Procurement Contract, pursuant to which the Group would upgrade software in respect of whole-chain tracking system under the Procurement Contract. It would use the advantage of its own block chain technology, “Intelligent chain”, to develop credit system for donkey-hide gelatin, write chains for information about inspection conducted by consumers, write information chains for high quality standard adopted to its donkey-hide gelatin from donkey breeding, quarantine and milling to circulation and sales over the entire life cycle by using the features of decentralized blockchains, which are tamper-resistant dependability and high security, to connect information about full life cycle of donkey-hide gelatin.

Not only can upgrading blocks of Shandong Hongjitang by the Group standardize the market of donkey-hide gelatin, but also realize comprehensive convoy to brand and quality of Shandong Hongjitang. The tamper-resistant data and its transparency enhance consumers' trusts in donkey-hide gelatin brand of Shandong Hongjitang, and thus raise brand awareness of Shandong Hongjitang and increase the sales volume of its products.

Shandong Hongjitang is the only time-honored pharmacy with over a century history in China, which was listed as one of the 21 national key traditional enterprises for Chinese medicine and top 50 industrial enterprise for Chinese medicine in China.

BEIJING TONG REN TANG

The Group and Beijing Tong Ren Tang entered into System Integration Service Contract regarding Digital Identity Management of Panpass Products (兆信產品數字身份管理系統集成服務合同) (the "Management System Contract") in September 2017, pursuant to which, based on the cloud platform, the Group provides Beijing Tong Ren Tang with source tracking management services (such as digital logistic tracking management, consumer management and products safety and anti-counterfeiting) over the entire life cycle of products through technology including big data, IoT and Internet, with "Products Digital Identification Management Technology", its own intellectual property right, being the core. The Group has recently entered into a supplemental agreement to Management System Contract with Beijing Tong Ren Tang, pursuant to which the Group will utilize its own block chain technology, "Intelligent chain", to apply blockchain technology in respect of the product flow of "Angong Niu Huang Wan" of Beijing Tong Ren Tang in warehouse and consumers' queries regarding anti-counterfeiting. After upgrading the Group's Products Digital Identification Management System (the "Management System"), the Management System will record logistic information such as shipment time, shipper, recipient, types and quantity on the block when such products are shipped, in order to manage the logistic flow of the products in warehouse, and the Management System will also record searched numbers, enquiry time, IP address of the consumer and searching results on the block when a consumer is conducting an anti-counterfeiting check.

Not only can upgrading blocks of Beijing Tong Ren Tang by the Group effectively establish the credit system of Chinese medicine, but also improves the transparency and traceability of its products, thus raises consumers' trust in corporates, broadens product awareness and increases sales volume, which form a virtuous cycle for a healthy and stable Chinese medicine system.

Beijing Tong Ren Tang is a nationwide, time-honored brand in the Chinese medicine industry and a large-scale retailing chain enterprise engaging in retailing pharmacy investment and development and the wholesale and retail of medicines. At present, it owns more than 200 retail pharmacies with large scale and good image over different provinces and cities in PRC.

REASONS FOR AND BENEFITS OF ENTERING INTO THE BLOCKCHAIN TECHNOLOGY COOPERATION AGREEMENTS

The Group will cooperate with Shandong Dezhou Braised Chicken, Shandong Hongjitang and Beijing Tong Ren Tang to combine brand anti-counterfeiting, smart source tracking, scene application, blockchain building, supply chain innovation and smart marketing, so as to realise the building of an innovative and integrated platform for industry chain application. Meanwhile, the Group will compile comprehensive technology solutions based on blockchain technology, meet the traceability demands of e-Commerce enterprises on state supervision and address credit concerns, such as consumers' crisis of confidence arising from e-Commerce and of information flows of product supply chains through construction of credit systems such as quality traceability of the whole industry chain, big data analysis and supply chain management conducted on e-Commerce enterprises and public institution products. This will help enterprises to achieve sound, stable and orderly development in a market environment with increasing consumption upgrade and continuously enhanced requirements on quality.

The Group is committed to becoming a leading industrial internet group in the PRC. Facilitating the implementation of blockchain projects, exploring application scenes of blockchain technology and empowering traditional industries through the Internet and data are consistent with the future business development strategies of the Group.

The Blockchain Technology Cooperation Agreements and the transactions contemplated thereunder neither constitute a notifiable transaction under Chapter 14 of the Listing Rules, nor do they constitute a connected transaction under Chapter 14A of the Listing Rules.

Shareholders and potential investors of the Company should exercise caution when dealing in the securities of the Company.

By order of the board of the directors
HC INTERNATIONAL, INC.
Liu Jun
Chairman and Chief Executive Officer

Beijing, People's Republic of China, 7 May 2018

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

Mr. Liu Jun (*Executive Director, Chairman and Chief Executive Officer*)
Mr. Lee Wee Ong (*Executive Director and Chief Financial Officer*)
Mr. Guo Fansheng (*Non-executive Director*)
Mr. Li Jianguang (*Non-executive Director*)
Mr. Wong Chi Keung (*Non-executive Director*)
Mr. Zhang Ke (*Independent non-executive Director*)
Mr. Zhang Tim Tianwei (*Independent non-executive Director*)
Ms. Qi Yan (*Independent non-executive Director*)