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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)

**SUBSCRIPTION FOR NEW SHARES
UNDER GENERAL MANDATE
AND
RE-DESIGNATION OF
INDEPENDENT NON-EXECUTIVE DIRECTOR TO
NON-EXECUTIVE DIRECTOR**

1. SUBSCRIPTION FOR NEW SHARES

The Board is pleased to announce that after trading hours on 10 June 2011, the Company entered into the Subscription Agreement with the Subscriber, pursuant to which the Subscriber has conditionally agreed to subscribe for and the Company has conditionally agreed to allot and issue a total number of 53,809,685 new Shares, at the subscription price of HK\$1.50 per Subscription Share to the Subscriber. The Subscription Price represents: (i) a discount of approximately 6.25% to the closing price of HK\$1.60 as quoted on the Stock Exchange on 10 June 2011, being the date of the Subscription Agreement; and (ii) a discount of approximately 5.06% to the average closing price of approximately HK\$1.58 per Share as quoted on the Stock Exchange for the last five consecutive trading days up to and including 10 June 2011. The Subscription Price was arrived at after arm's length negotiations between the Company and the Subscriber with reference to the prevailing market price of the Shares. The Directors consider that the Subscription Price and the terms of the Subscription Agreement are fair and reasonable and are in the interests of the Company and the Shareholders as a whole.

The Subscription Shares in aggregate represent approximately 11% of the existing issued share capital of the Company and approximately 9.91% of the issued share capital of the Company as enlarged by the allotment and issue of the Subscription Shares.

* For identification purposes only

To the best of the Directors' knowledge, information and belief having made all reasonable enquiries, the Subscriber is a third party independent of any of the directors, chief executive or substantial shareholders of the Company or any of its subsidiaries, or any of their respective associates.

The gross proceeds from the Subscription will be approximately HK\$80,714,528. After deducting all relevant expenses in relation to the Subscription, the net proceeds of the Subscription will be approximately HK\$80,510,000. The Company intends to use the net proceeds from the Subscription to develop its online products, strengthen technology platform and enhance sales power to drive revenue growth of the Group.

The Subscription Shares will be issued under the general mandate granted to the Directors at the annual general meeting of the Company held on 13 May 2011.

Completion of the Subscription is subject to the satisfaction of the Conditions. As the Subscription may or may not proceed, Shareholders and potential investors are advised to exercise caution when dealing in the Shares.

2. RE-DESIGNATION OF INDEPENDENT NON-EXECUTIVE DIRECTOR TO NON-EXECUTIVE DIRECTOR

The Board of the Company announces that Mr. Guo Wei has been re-designated from an independent non-executive Director to a non-executive Director with effect from 10 June 2011.

The Board noted that following the re-designation of Mr. Guo as a non-executive Director, the Company cannot fulfill the requirement under Rule 5.05 of the GEM Listing Rules which the number of the independent non-executive directors falls below the minimum number requirement of 3 members. The Board shall use its best endeavour to look for a suitable candidate to fill the vacancy of independent non-executive Director for compliance with the GEM Listing Rules.

1. THE SUBSCRIPTION AGREEMENT

On 10 June 2011, the Company entered into the Subscription Agreement with the Subscriber, pursuant to which the Subscriber has conditionally agreed to subscribe for and the Company has conditionally agreed to allot and issue 53,809,685 new Shares in cash at the subscription price of HK\$1.50 per Subscription Share.

Information on the Subscriber

The Subscriber, being a company incorporated in the British Virgin Islands with limited liability, is principally engaged in investment holding. As at the date of this announcement, the Subscriber is an indirectly wholly-owned subsidiary of Digital China, whose shares are listed on the Main Board of the Stock Exchange (Stock Code: 00861). To the best of the Directors' knowledge, information and belief, the businesses of Digital China and its subsidiaries include, amongst other things, sale and distribution of general

information technology products and systems products; and provision of supply chain services and information technology services.

To the best of the Directors' knowledge, information and belief having made all reasonable enquiry, the Subscriber is a third party independent of any of the directors, chief executive or substantial shareholders of the Company or any of its subsidiaries, or any of their respective associates.

Number of the Subscription Shares

The Subscription Shares represent approximately (i) 11% of the existing issued share capital of the Company; and (ii) 9.91% of the existing issued share capital of the Company as enlarged by the allotment and issue of the Subscription Shares.

Conditions of the Subscription

Completion of the Subscription shall be conditional upon:

- (a) the Stock Exchange having granted or agreed to grant the listing of, and permission to deal in, all of the Subscription Shares on or before the Long Stop Date (or such later date as the Company and the Subscriber may agree in writing);
- (b) all necessary corporate approvals and consents and third party consents, if necessary, for the transactions contemplated under the Subscription Agreement being obtained on or before Completion;
- (c) the Subscriber being satisfied that warranties set out in the Subscription Agreement are true and accurate as at the date of the Subscription Agreement and the date of the Completion; and
- (d) there is no indication from the Stock Exchange that the listing status of the securities of the Company will be revoked by the Stock Exchange as a result of the implementation of the transactions contemplated under the Subscription Agreement.

In the event that any of the Conditions is not fulfilled, on or before the Long Stop Date (or such later date as the Company and the Subscriber may agree in writing), the rights and obligations of the parties to the Subscription Agreement shall cease and determine and thereafter none of the parties shall have any claim against the other save and except in respect of any then accrued rights and liabilities of the parties.

Completion

The Completion will take place on the fifth Business Day after all of the Conditions have been fulfilled by the Company (or such later date as the Company and the Subscriber may agree in writing).

SUBSCRIPTION PRICE

The subscription price of HK\$1.50 per Subscription Share was determined after arm's length negotiation between the Company and the Subscriber with reference to the prevailing market price of the Shares. The Directors consider that the Subscription Price and the terms of the Subscription Agreement are fair and reasonable and are in the interests of the Company and the Shareholders as a whole.

The Subscription Price represents:

- (i) a discount of approximately 6.25% to the closing price of HK\$1.60 per Share as quoted on the Stock Exchange on 10 June 2011, being the date of the Subscription Agreement; and
- (ii) a discount of approximately 5.06% to the average closing price of approximately HK\$1.58 per Share as quoted on the Stock Exchange for the last five (5) consecutive trading days up to and including 10 June 2011.

The net Subscription Price, after deduction of all relevant expenses in relation to the Subscription, is approximately HK\$1.49 per Subscription Share.

GENERAL MANDATE TO THE ISSUE OF SUBSCRIPTION SHARES

The Subscription Shares will be issued under the general mandate granted to Directors at the annual general meeting of the Company held on 13 May 2011.

As at the date of this announcement, no Share has been issued under the General Mandate and the General Mandate is sufficient for the allotment and issue of the Subscription Shares. The Company has not repurchased any issued Shares within the last thirty (30) days prior to the date of this announcement. As such, the allotment and issue of the Subscription Shares will not be subject to the approval of the Shareholders.

APPLICATION FOR LISTING

An application will be made by the Company to the Listing Committee of the Stock Exchange for the listing of, and permission to deal in, the Subscription Shares.

RANKING OF THE SUBSCRIPTION SHARES

The Subscription Shares, when fully paid, will rank pari passu in all respects with the Shares in issue on Completion, including the right to any dividends or distribution the record date for which falling on or after the date of Completion.

Completion of the Subscription is subject to the satisfaction of the Conditions. As the Subscription may or may not proceed, Shareholders and potential investors are advised to exercise caution when dealing in the Shares.

INFORMATION OF THE GROUP

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

REASONS FOR THE SUBSCRIPTION AND USE OF PROCEEDS

The gross proceeds from the Subscription will be approximately HK\$80,714,528. After deducting all relevant expenses in relation to the Subscription, the net proceeds of the Subscription will be approximately HK\$80,510,000. The Directors consider that the Subscription represents an opportunity for the Company to enlarge the capital base of the Company and is beneficial to the Group. The Company intends to use the net proceeds from the Subscription to develop its online products, strengthen technology platform and enhance sales power to drive revenue growth of the Group.

The Directors consider that the terms of the Subscription Agreement are fair and reasonable based on the current market conditions and in the interests of the Company and its shareholders as a whole.

FUND RAISING ACTIVITIES IN THE PAST TWELVE MONTHS OF THE COMPANY

The Company has not conducted any fund raising activities in the past twelve months before the date of this announcement.

EFFECTS OF THE SUBSCRIPTION ON SHAREHOLDING STRUCTURE OF THE COMPANY

The changes in the shareholding structure of the Company as a result of the Subscription are illustrated in the table below (assuming that there are no changes to the shareholding in the Company, other than as a result of the Subscription):

Shareholders	Existing shareholding as at the date of this announcement		Shareholding immediately upon Completion	
	<i>Shares</i>	<i>Approximate %</i>	<i>Shares</i>	<i>Approximate %</i>
Mr. Guo Fansheng (<i>Note 1</i>)	69,647,015	14.24	69,647,015	12.83
Mr. Guo Jiang (<i>Note 2</i>)	67,187,771	13.73	67,187,771	12.37
Other public shareholders	352,344,174	72.03	352,344,174	64.89
The Subscriber (<i>Note 3</i>)	–	–	53,809,685	9.91
Total	489,178,960	100	542,988,645	100

Notes:

1. Mr. Guo Fansheng is an executive Director and the Chairman of the Company.
2. Mr. Guo Jiang is an executive Director and the Chief Executive Officer of the Company.
3. To the best of the Directors' knowledge, information and belief having made all reasonable enquiry, the Subscriber is a third party independent of any of the directors, chief executive or substantial shareholders of the Company or any of its subsidiaries, or any of their respective associates.

RE-DESIGNATION OF INDEPENDENT NON-EXECUTIVE DIRECTOR TO NON-EXECUTIVE DIRECTOR

The Board announces that Mr. Guo is an executive director and Chairman of Digital China, the ultimate holding company of the Subscriber and he is also interested in 13.83% of the issued share capital of Digital China and hence will have an attributable interest of 1.37% in the issued share capital of the Company upon completion of the Subscription. As a result, it would be unsuitable for Mr. Guo to act as an independent non-executive Director pursuant to Rule 5.09 of the GEM Listing Rules and he has been re-designated from an independent non-executive Director to a non-executive Director with effect from 10 June 2011.

The Board noted that following the re-designation of Mr. Guo as a non-executive Director, the Company cannot fulfill the requirement under Rule 5.05 of the GEM Listing Rules which the number of the independent non-executive directors falls below the minimum number requirement of 3 members. The Board shall use its best endeavour to look for a suitable candidate to fill the vacancy of independent non-executive Director for compliance with the GEM Listing Rules.

Mr. Guo has been re-designated as a non-executive Director. Mr. Guo is currently also the Chairman and executive director of Digital China, whose shares are listed on the Main Board of the Stock Exchange. Mr. Guo obtained a Master's degree from the Graduate School of the Chinese Academy of Science (formerly known as Graduate School of the University of Science and Technology of China) in 1988. He joined the Legend group in 1988 and was once an executive director and senior vice president of the Legend group. He is currently a member of the 11th National Committee of the Chinese People's Political Consultative Conference, member of the 4th Advisory Committee for State Informatization, President of Beijing Informatization Organization. Mr. Guo is currently an independent non-executive director of Shanghai Pudong Development Bank Co., Ltd (Stock Code: 600000), whose shares are listed on the Shanghai Stock Exchange. Save disclosed above, Mr. Guo has not held any directorship in other listed public company in the past three years prior to the date of this announcement.

Mr. Guo has entered into a service contract for an initial term of one year commencing from 8 March 2002, and will continue thereafter unless and until terminated by either the Company or Mr. Guo by giving one month's written notice and such appointment is subject at all times to the Articles of Association of the Company. Mr. Guo is entitled to annual salaries of RMB80,000 for his directorship in the Company.

Save as disclosed herein, Mr. Guo does not have any relationship with any Director, senior management, substantial shareholder or controlling shareholder of the Company.

Save as disclosed herein, Mr. Guo does not have any interest in the securities of the Company within the meaning of Part XV of the SFO as at the date of this announcement.

Save as disclosed above, there are no other matter that needs to be brought to the attention of the Shareholders, nor there is any other information which is required to be disclosed under paragraphs 17.50(2)(h) to (v) of the GEM Listing Rules.

DEFINITIONS

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

“Board”	the board of Directors
“Business Day(s)”	any day (excluding a Saturday, Sunday or public holiday) on which banks generally are open for business in Hong Kong throughout their normal business hours
“Company”	HC International, Inc., a company incorporated in the Cayman Islands with limited liability and the Shares of which are listed on GEM
“Completion”	completion of the issue and allotment of the Subscription Shares in accordance with the terms and conditions of the Subscription Agreement
“Conditions”	Conditions of the Subscription Agreement
“connected person(s)”	has the meaning ascribed to it in the GEM Listing Rules
“Digital China”	Digital China Holdings Limited, a company incorporated in Bermuda with limited liability and the shares of which are listed on the Main Board of the Stock Exchange (Stock Code: 00861)
“Director(s)”	director(s) of the Company
“GEM”	the Growth Enterprise Market of the Stock Exchange
“GEM Listing Rules”	the Rules Governing the Listing of Securities on GEM
“General Mandate”	the general mandate granted to the Directors to allot, issue and deal with Shares at the annual general meeting of the Company held on 13 May 2011
“Group”	the Company and its subsidiaries
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC

“Independent Third Party”	a party which is not a connected person of the Company and is independent of the Company and its connected persons
“Long Stop Date”	10 July 2011 (or such later date as the Company and the Subscriber may agree in writing), the date when all the conditions stipulated in the Subscription Agreement shall be fulfilled
“Mr. Guo”	Mr. Guo Wei
“SFC”	the Securities and Futures Commission
“Share(s)”	ordinary share(s) of HK\$0.10 each in the share capital of the Company
“Shareholder(s)”	holder(s) of the Share(s)
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Subscriber”	Talent Gain Developments Limited, a company incorporated in the British Virgin Islands and an Independent Third Party
“Subscription”	the subscription for Subscription Shares by the Subscriber pursuant to the terms and conditions of the Subscription Agreement
“Subscription Agreement”	the conditional subscription agreement dated 10 June 2011 entered into between the Company and the Subscriber in relation to the subscription for the Subscription Shares
“Subscription Price”	HK\$1.50 per Subscription Share
“Subscription Shares”	53,809,685 new Shares to be allotted and issued under the Subscription
“substantial shareholder(s)”	has the meaning ascribed to it in the GEM Listing Rules
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong
“%”	per cent.

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

Chief Executive Officer and Executive Director

Beijing, the PRC, 10 June 2011

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*)
Ms. Guo Bingbing (*Executive Director*)
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*)

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>.