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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: 02280)

**PLACING OF NEW SHARES UNDER GENERAL MANDATE
AND
ADJUSTMENT TO THE CONVERSION PRICE OF
THE CONVERTIBLE BONDS**

Placing Agent



Shenwan Hongyuan Securities (H.K.) Limited

THE PLACING

On 12 November 2015 (after trading hours), the Placing Agent and the Company entered into the Placing Agreement pursuant to which the Company has conditionally agreed to place, through the Placing Agent on a best effort basis, an aggregate of up to 74,540,000 Placing Shares to not less than six Placees who and whose ultimate beneficial owners will be third parties independent of the Company and its connected persons.

The maximum number of 74,540,000 Placing Shares under the Placing represents approximately 9.04% of the existing issued share capital of the Company of 824,696,103 Shares as at the date of this announcement and approximately 8.29% of the then issued share capital of 899,236,103 Shares as enlarged by the Placing. The aggregate nominal value of the maximum number of Placing Shares under the Placing will be HK\$7,454,000.

The Placing Price of HK\$3.82 represents a discount of approximately 18.72% to the benchmarked price of the Shares, which is the higher of (i) the closing price of HK\$4.70 per Share as quoted on the Stock Exchange on the date of the Placing Agreement; and (ii) the average closing price of HK\$4.68 per Share for the last 5 consecutive trading days immediately prior to the date of the Placing Agreement.

* For identification purposes only

The Placing is conditional upon, among other things, the Listing Committee of the Stock Exchange granting approval for the listing of, and permission to deal in, the Placing Shares on the Stock Exchange.

The maximum gross proceeds from the Placing will be approximately HK\$284,742,800. The maximum net proceeds from the Placing will amount to approximately HK\$277,340,000. The net proceeds from the Placing will be used for potential acquisitions or investments, input of resources into the B2B 2.0 business (which mainly includes transactions and internet finance), as well as working capital and general corporate purposes. The maximum net price raised per Share upon the completion of the Placing will be approximately HK\$3.72 per Share.

As the Placing may or may not proceed, Shareholders and potential investors are advised to exercise caution when dealing in the Shares.

ADJUSTMENT TO THE CONVERSION PRICE OF THE CONVERTIBLE BONDS

Pursuant to the terms and conditions of the Convertible Bonds, the conversion price of the Convertible Bonds will be adjusted as a result of the Placing. The above adjustment to the conversion price shall become effective on the date of issue of the new Shares. The above adjustment will be computed in accordance with the terms and conditions of the Convertible Bonds. Apart from the above adjustment, all the other terms and conditions of the Convertible Bonds will remain unchanged. Further announcement in this regard will be made after the completion of Placing.

THE PLACING AGREEMENT

Date

12 November 2015 (after trading hours)

Issuer

The Company

Placing Agent

Shenwan Hongyuan Securities (H.K.) Limited

The Placing Agent has conditionally agreed to place a maximum of 74,540,000 Placing Shares on a best effort basis and will receive a placing commission of 2.5% on the gross proceeds of the actual number of Placing Shares being placed. Having considered the Placing Price and the terms of the Placing, the Directors are of the view that the placing commission of 2.5% is fair and reasonable.

To the best of the Directors' knowledge, information and belief, having made all reasonable enquiries, the Placing Agent and its ultimate beneficial owners are third parties independent of the Company and its connected persons.

Placees

The Placing Agent will place the Placing Shares to not less than six Placees who and whose ultimate beneficial owners are not connected persons of the Company and are third parties independent of and not connected with the Company, connected persons of the Company and any of the Directors, chief executive or substantial shareholder(s) of the Company or any of its subsidiaries or their respective associates.

Number of Placing Shares

The 74,540,000 Placing Shares under the Placing represent approximately 9.04% of the existing issued share capital of the Company of 824,696,103 Shares as at the date of this announcement and approximately 8.29% of the then issued share capital of 899,236,103 Shares as enlarged by the Placing. The aggregate nominal value of the maximum number of the Placing Shares under the Placing will be HK\$7,454,000.

Ranking of Placing Shares

The Placing Shares under the Placing will rank, upon issue, *pari passu* in all respects with the existing Shares in issue on the date of allotment and issue of the Placing Shares.

Placing Price

The Placing Price of HK\$3.82 represents a discount of approximately 18.72% to the benchmarked price of the Shares, which is the higher of (i) the closing price of HK\$4.70 per Share as quoted on the Stock Exchange on the date of the Placing Agreement; and (ii) the average closing price of HK\$4.68 per Share for the last 5 consecutive trading days immediately prior to the date of the Placing Agreement.

The Placing Price was determined with reference to the prevailing market price of the Shares and was negotiated on an arm's length basis between the Company and the Placing Agent. The Directors consider that the terms of the Placing Agreement are fair and reasonable based on the current market conditions and in the interests of the Company and the Shareholders as a whole.

Placing Shares

The Placing Shares will be allotted and issued pursuant the General Mandate granted to the Directors by resolution of the Shareholders passed at the AGM subject to the limit up to 20% of the then issued share capital of the Company as at the date of the AGM. Under the General Mandate, the Company is authorised to issue up to 133,554,923 Shares. Up to the date of this announcement, no Share has been issued under the General Mandate. The Placing Shares will be issued under the General Mandate and therefore the Placing is not subject to any Shareholders' approval.

Application for listing of Placing Shares

Application will be made by the Company to the Stock Exchange for the grant of the listing of, and permission to deal in, the Placing Shares.

Conditions of the Placing Agreement

Completion of the Placing under the Placing Agreement is conditional upon the Listing Committee of the Stock Exchange granting approval for the listing of, and permission to deal in, the Placing Shares on the Stock Exchange.

If the above condition is not satisfied on or before 30 December 2015 (or such later date as the Company and the Placing Agent may agree), all obligations of the Placing Agent and of the Company under the Placing Agreement shall cease and terminate and none of the parties shall have any claim against the other in relation thereto.

Termination of the Placing

Under the Placing Agreement, the Placing Agent may terminate the Placing Agreement by giving notice to the Company at any time between the date of the Placing Agreement and at or before 10:00 a.m. on the Completion Date, if there occurs:

- (a) the introduction of any new law or regulation or any change in existing laws or regulations (or the judicial interpretation thereof) or other occurrence of any nature whatsoever which may, in the reasonable opinion of the Placing Agent, materially and adversely affect the business or the financial or trading position or prospects of the Company; or
- (b) the occurrence of any local, national or international event or significant change occurring after the date of the Placing Agreement of a political, military, financial, economic, currency (including a change in the system under which the value of the Hong Kong currency is linked to the currency of the United States of America) or other nature (whether or not sui generis with any of the foregoing), or in the nature of any local, national, international outbreak or escalation of hostilities or armed conflict, or affecting local securities market or the occurrence of any combination of circumstances which may, in the reasonable opinion of the Placing Agent, materially and adversely affect the business or the financial or trading position or prospects of the Company or adversely prejudices the success of the Placing (such success being the completion of the placing of the Placing Shares to potential investor(s)) or otherwise makes it inexpedient or inadvisable for the Company or the Placing Agent to proceed with the Placing; or
- (c) any significant change in market conditions or combination of circumstances in Hong Kong (including without limitation suspension or material restriction on trading in securities) occurs after the date of the Placing Agreement which materially and adversely affects the success of the Placing (such success being the completion of the placing of the Placing Shares to potential investor(s)) or otherwise in the reasonable opinion of the Placing Agent make it inexpedient or inadvisable or inappropriate for the Company or the Placing Agent to proceed with the Placing; or

- (d) the Company commits any material breach of or omits to observe any of its obligations or undertakings under the Placing Agreement; or
- (e) the Placing Agent shall become aware of the fact that any of the representations or warranties contained in the Placing Agreement was, when given, untrue or inaccurate in any material respect or would in any material respect be untrue or inaccurate, or if repeated the Placing Agent shall determine in its reasonable opinion that any such untrue representation or warranty represents or is likely to represent a material adverse change in the financial or trading position or the prospects of the Company or will otherwise likely to have a material prejudicial effect on the Placing.

Upon termination of the Placing Agreement pursuant to the above paragraphs, the obligations of the Placing Agent shall cease and the Company shall not be liable to pay any commission under the Placing Agreement, and other provisions of the Placing Agreement shall forthwith cease and determine and no party shall, save as provided in the above paragraphs, have any claim against the other party for compensation, costs, damages or otherwise, save in respect of any antecedent breach of any obligation under the Placing Agreement.

Completion of the Placing

Completion of the Placing will take place on the fourth Business Day after the fulfillment of the condition set out in the Placing Agreement or such later date as the Company and the Placing Agent may agree in writing.

REASONS FOR THE PLACING AND USE OF PROCEEDS

The Company is an investment holding company. The Group is principally engaged in the organisation of business-to-business community across the PRC by providing business information through both on-line and offline channels.

The Directors are of the view that the Placing will provide the Company with a good opportunity to raise funds for satisfying future development needs, as well as further expand its shareholders and funds base.

The Directors consider that the terms of the Placing Agreement, which were arrived at after arm's length negotiations between the Company and the Placing Agent, are fair and reasonable and are in the interests of the Company and the Shareholders as a whole.

The maximum gross proceeds from the Placing will be approximately HK\$284,742,800. The maximum net proceeds from the Placing will amount to approximately HK\$277,340,000. The net proceeds from the Placing will be used for potential acquisitions or investments, input of resources into the B2B 2.0 business (which mainly includes transactions and internet finance), as well as working capital and general corporate purposes.

The maximum net price raised per Share upon the completion of the Placing will be approximately HK\$3.72 per Share.

FUNDRAISING ACTIVITIES IN THE PAST TWELVE MONTHS

Save as disclosed below, the Company has not conducted any fundraising activities in the past twelve months before the date of this announcement.

Date of announcement	Fundraising activity	Net proceeds raised	Proposed use of proceeds	Actual use of proceeds
20 November 2014	Issue of the Convertible Bonds	HK\$761,629,000	For potential acquisitions or investments, micro-finance business expansion and general corporate purposes	Used as intended

EFFECTS ON SHAREHOLDING STRUCTURE OF THE COMPANY

The existing shareholding structure of the Company and the effect on the shareholding structure of the Company upon completion of the Placing is set out as below:

	As at the date of this announcement		Upon completion of the Placing	
	<i>Number of Shares</i>	<i>Approximate % of shareholding</i>	<i>Number of Shares</i>	<i>Approximate % of shareholding</i>
Shareholders				
<i>Substantial Shareholder</i>				
Talent Gain Developments Limited (<i>Note 1</i>)	142,621,107	17.29	142,621,107	15.86
Unique Golden Limited (<i>Note 1</i>)	23,408,000	2.84	23,408,000	2.60
<i>Directors and their associate(s)</i>				
Guo Jiang and his spouse	66,724,771	8.09	66,724,771	7.42
Guo Fansheng	57,749,015	7.00	57,749,015	6.42
Callister Trading Limited (<i>Note 2</i>)	32,000,384	3.88	32,000,384	3.56
Lee Wee Ong	3,350,672	0.41	3,350,672	0.37
<i>Others</i>				
Placees	—	—	74,540,000	8.29
Public shareholders and others (<i>Note 3</i>)	498,842,154	60.49	498,842,154	55.47
Total:	<u>824,696,103</u>	<u>100%</u>	<u>899,236,103</u>	<u>100%</u>

Notes:

1. Unique Golden Limited is wholly and beneficially owned by Talent Gain Developments Limited, which in turn is wholly and beneficially owned by Digital China (BVI) Limited and indirectly wholly and beneficially owned by Digital China Holdings Limited, a company whose shares are listed on the Stock Exchange (stock code: 861).
2. The entire share capital of Callister Trading Limited is owned by Mr. Li Jianguang, a non-executive Director of the Company.
3. Mr. Yang Ning was an executive Director and president of the Company who resigned with effect from 30 March 2015. Based on the disclosure of interest notice filed by Mr. Yang, Mr. Yang held 10,381,939 interest in the Shares as at 30 March 2015.

As the Placing may or may not proceed, Shareholders and potential investors are advised to exercise caution when dealing in the Shares.

ADJUSTMENT TO THE CONVERSION PRICE OF THE CONVERTIBLE BONDS

Reference is made to the announcement of the Company dated 20 November 2014 in relation to the issue of the Convertible Bonds under the Bonds Subscription Agreement.

Pursuant to the terms and conditions of the Convertible Bonds, the conversion price of the Convertible Bonds will be adjusted as a result of the Placing. The above adjustment to the conversion price shall become effective on the date of issue of the new Shares. The above adjustment will be computed in accordance with the terms and conditions of the Convertible Bonds. Apart from the above adjustment, all the other terms and conditions of the Convertible Bonds will remain unchanged. Further announcement in this regard will be made after the completion of Placing.

DEFINITIONS

The following terms have the following meanings in this announcement unless the context otherwise requires:

“AGM”	the annual general meeting of the Company held on 22 May 2015
“associate(s)”	has the meaning ascribed thereto under the Listing Rules
“Board”	the board of Directors
“Bonds Subscription Agreement”	the subscription agreement dated 20 November 2014 entered into between the Company, Credit Suisse (Hong Kong) Limited and China International Capital Corporation Hong Kong Securities Limited

“Business Day(s)”	any day (excluding Saturdays, Sundays, public holidays and days on which a tropical cyclone warning No. 8 or above or a “black rainstorm warning signal” is hoisted in Hong Kong at any time between 9:00 a.m. and 5:00 p.m.) on which licensed banks generally are open for general banking business in Hong Kong
“Company”	HC International, Inc., a company with limited liability incorporated in the Cayman Islands and whose shares are listed on the Main Board of the Stock Exchange
“Completion Date”	the date of completion of transactions contemplated under the Placing Agreement
“connected person(s)”	the meaning ascribed thereto under the Listing Rules
“Convertible Bonds”	bonds with an aggregate principal amount of HK\$780,000,000 due 2019 issued by the Company pursuant to the Bonds Subscription Agreement
“Director(s)”	the director(s) of the Company
“General Mandate”	the general mandate granted to the Directors by the Shareholders at the AGM to allot, issue and deal with up to 20% of the then issued share capital of the Company as at the date of the AGM
“Group”	the Company and its subsidiaries, from time to time
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong
“Hong Kong”	the Hong Kong Special Administrative Region of the People’s Republic of China
“Listing Rules”	The Rules Governing the Listing of Securities on the Stock Exchange
“Placee(s)”	any investor who is either an individual, professional or an institutional investor procured by the Placing Agent to subscribe for any of the Placing Shares pursuant to the Placing Agent’s obligations under the Placing Agreement
“Placing”	the placing of up to 74,540,000 Shares on a best effort basis pursuant to the terms of the Placing Agreement

“Placing Agent”	Shenwan Hongyuan Securities (H.K.) Limited, a licensed corporation to carry on business in type 1 (dealing in securities) regulated activity under the SFO
“Placing Agreement”	the conditional placing agreement entered into between the Company and the Placing Agent dated 12 November 2015 in relation to the Placing
“Placing Price”	HK\$3.82 per Placing Share
“Placing Share(s)”	a maximum of 74,540,000 new Shares to be allotted and issued pursuant to the Placing Agreement
“PRC”	The People’s Republic of China
“SFO”	the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong)
“Share(s)”	ordinary share(s) of HK\$0.1 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
“Substantial Shareholder(s)”	has the meaning ascribed thereto under the Listing Rules
“%”	per cent.

By order of the Board
HC INTERNATIONAL, INC.
Guo Jiang

Chief Executive Officer and Executive Director

Beijing, the People’s Republic of China, 12 November 2015

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)