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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)**

**CONNECTED TRANSACTION  
PROPOSED SUBSCRIPTION OF ZERO COUPON  
CONVERTIBLE BONDS UNDER SPECIFIC MANDATE**

**Financial Adviser to the Company**



**WALLBANCK BROTHERS  
Securities (Hong Kong) Limited**

**SUBSCRIPTION OF CONVERTIBLE BONDS**

On 9 December 2015 (after trading hours), the Company entered into the Subscription Agreement with the Subscribers pursuant to which the Subscribers have conditionally agreed to subscribe for and the Company has conditionally agreed to issue the Convertible Bonds with an aggregate principal amount of HK\$500,000,000.

Upon full conversion of the Convertible Bonds at the initial Conversion Price of HK\$4.00 per Conversion Share, the Convertible Bonds will be convertible into 125,000,000 Shares, representing approximately 13.89% of the existing issued share capital of the Company and approximately 12.20% of the issued share capital of the Company as enlarged by the allotment and issue of the Conversion Shares upon full conversion of the Convertible Bonds. The Conversion Shares which shall be allotted and issued upon the full exercise of the conversion rights attaching to the Convertible Bonds will be allotted and issued under the Specific Mandate to be approved by the Independent Shareholders at the EGM.

## **LISTING RULE IMPLICATIONS**

As at the date of this announcement, Subscriber 1 is the chief executive officer and executive Director of the Company holding 66,724,771 Shares, representing approximately 7.41% of the total issued share capital of the Company. Subscriber 2 is the chief financial officer and executive Director of the Company holding 3,350,672 Shares, representing approximately 0.37% of the total issued share capital of the Company. Subscriber 3 is a director of a non-wholly owned subsidiary of the Company, and indirectly holds 25% equity interest of the said subsidiary. Subscriber 4 is a Shareholder of the Company and a director of several subsidiaries of the Company, holding 62,273,794 Shares, representing approximately 6.92% of the total issued share capital of the Company.

Accordingly, the Subscribers are connected persons of the Company under the Listing Rules. Therefore, the Subscription constitutes as a non-exempt connected transaction of the Company subject to reporting, announcement, and the Independent Shareholders' approval requirements under Chapter 14A of the Listing Rules by way of poll at the EGM.

The Subscribers and their respective associates shall abstain from voting at the EGM to be convened to consider and, if thought fit, to approve the Subscription Agreement and the transactions contemplated thereunder and the Specific Mandate. To the best of the Directors' information, belief and knowledge, save for the Subscribers and their respective associates, no other parties have any material interest which is different from other Shareholders in relation to the Subscription and the grant of the Specific Mandate.

## **GENERAL**

An Independent Board Committee will be established to make recommendation to the Independent Shareholders regarding the Subscription Agreement and the transactions contemplated thereunder. An Independent Financial Adviser will be appointed to advise the Independent Board Committee and the Independent Shareholders in relation to the Subscription Agreement and the transactions contemplated thereunder.

The EGM will be convened for the Independent Shareholders to consider and, if thought fit, to approve the Subscription Agreement and the transactions contemplated thereunder.

A circular containing, amongst other things, (i) further details of the Subscription, (ii) the recommendation of the Independent Board Committee to the Independent Shareholders in relation to the Subscription, (iii) the advice of the Independent Financial Adviser to the Independent Board Committee and the Independent Shareholders in relation to the Subscription and (iv) notice of the EGM, is expected to be despatched as soon as practicable in accordance with the Listing Rules.

## **WARNING NOTICE**

**Shareholders and potential investors should note that completion of the Subscription is subject to fulfillment of the conditions under the Subscription Agreement. As the Subscription may or may not proceed, Shareholders and potential investors are advised to exercise caution when dealing in the Shares.**

## **SUBSCRIPTION OF CONVERTIBLE BONDS**

### **Subscription Agreement**

On 9 December 2015 (after trading hours), the Company entered into the Subscription Agreement with the Subscribers pursuant to which the Subscribers have conditionally agreed to subscribe for and the Company has conditionally agreed to issue the Convertible Bonds with an aggregate principal amount of HK\$500,000,000, with Subscriber 1, Subscriber 2, Subscriber 3 and Subscriber 4 subscribing for the Convertible Bonds in the principal amounts of HK\$160,000,000, HK\$60,000,000, HK\$160,000,000 and HK\$120,000,000 respectively.

**Date** : 9 December 2015 (after trading hours)

**Parties** : Issuer : The Company

Subscriber 1 : Guo Jiang  
Subscriber 2 : Lee Wee Ong  
Subscriber 3 : Liu Jun  
Subscriber 4 : Liu Xiaodong

The Convertible Bonds carry the right to convert into Conversion Shares at the initial Conversion Price of HK\$4.00 per Conversion Share (subject to adjustments). Assuming the conversion rights attaching to the Convertible Bonds are exercised in full at the Conversion Price of HK\$4.00 per Conversion Share, 125,000,000 Conversion Shares will fall to be issued to the Bondholders, representing approximately 13.89% of the issued capital of the Company as at the date of this announcement and approximately 12.20% of the issued share capital of the Company as enlarged by the allotment and issue of the Conversion Shares.

Assuming the conversion rights attaching to the Convertible Bonds are exercised in full at the Conversion Price of HK\$4.00 per Conversion Share, 40,000,000, 15,000,000, 40,000,000 and 30,000,000 Conversion Shares will be allotted to Subscriber 1, Subscriber 2, Subscriber 3 and Subscriber 4 respectively.

## **Conditions precedent**

The Subscription Agreement is conditional upon:

- 1) no takeover implication or obligation having been triggered under the Takeovers Code;
- 2) no breach of public float requirement under the Listing Rules;
- 3) the passing of resolution(s) by the Independent Shareholders to approve the Subscription Agreement and the transactions contemplated thereunder, including the allotment and issue of the Conversion Shares under the Specific Mandate, at the EGM;
- 4) the Listing Committee of the Stock Exchange shall have approved the issue of the Convertible Bonds either unconditionally or subject to conditions to which neither the Company nor the Subscribers shall object without reasonable grounds and the satisfaction of such conditions;
- 5) the Listing Committee of the Stock Exchange shall have granted (either unconditionally or subject to conditions to which neither the Company nor the Subscribers shall object without reasonable grounds) the listing of, and permission to deal in, the Conversion Shares which fall to be allotted and issued upon the exercise of the Convertible Bonds;
- 6) the relevant monetary authority approving the issue of the Conversion Shares (if required);
- 7) any other approval as may be required for the Subscription; and
- 8) all representations, warranties and undertakings given by the Company under the Subscription Agreement remaining true and correct at all times as from the signing of the Subscription Agreement up to Completion, as if they were made on and as of Completion.

The Subscribers are entitled to waive all or any of the conditions above, apart from conditions precedent (1), (2), (3), (4), (5), (6) and (7) above, at their absolute discretion by way of written notice to the Company.

If the conditions above are not fulfilled (or waived by the Subscribers) on or before Long Stop Date, the obligations of the Company and the Subscribers under the Subscription Agreement shall forthwith cease and terminate and neither the Company nor the Subscribers shall have any claim against the other party.

## **Completion**

Subject to the fulfillment of the conditions set out in subsection “Conditions Precedent”, completion of the Convertible Bonds shall take place at or before 5:00 p.m. (Hong Kong time) on Completion Date at the office of the Company.

## Principal Terms of the Convertible Bonds

The principal terms of the Convertible Bonds are arrived at after arm's length negotiations between the Company and the Subscribers and are summarised as follows:

<b>Principal Amount</b>	:	HK\$500,000,000
<b>Maturity Date</b>	:	3 <sup>rd</sup> anniversary of the issue date
<b>Interest</b>	:	Nil interest
<b>Conversion Right(s)</b>	:	<ol style="list-style-type: none"><li>1. each holder of the Convertible Bonds shall have the right, exercisable during the Conversion Period to convert the whole or any part (in multiples of HK\$5,000,000) of the outstanding principal amount of Convertible Bonds held by such holder of Convertible Bonds into such number of Conversion Shares as will be determined by dividing the principal amount of Convertible Bonds to be converted by the Conversion Price in effect on the date of conversion.</li><li>2. no fraction of a Share shall be issued on conversion of the Convertible Bonds and no cash adjustments will be made.</li></ol>
<b>Conversion Price</b>	:	the Conversion Price is HK\$4.00 per Conversion Share, subject to adjustments as set out and in accordance with the terms and conditions of the Convertible Bonds.
<b>Adjustments events</b>	:	<ol style="list-style-type: none"><li>1. Consolidation or sub-division of Shares;</li><li>2. Capitalisation of profits;</li><li>3. Capital distribution;</li><li>4. Issue of Shares by way of rights, options and warrants at a price which is less than 80% of the market price at the date of the announcement of the terms of the offer or grant;</li><li>5. Issue of any securities if and whenever the Company shall issue wholly for cash which are convertible into, exchangeable for or carry rights of subscription for Shares at an effective price which is less than 80% of the market price at the date of the announcement of the terms of issue of such securities;</li></ol>

6. Modification of rights of conversion or exchange or subscription attaching to any such securities so that the effective price will be less than 80% of the market price at the date of the announcement of the proposal to modify such rights of conversion or exchange or subscription;
7. Issue of Shares wholly for cash at more than 20% discount to the market price of such Shares; and
8. Issue of Shares for acquisition of asset at more than 20% discount to the market price of such Shares.

<b>Conversion Shares</b>	:	<ol style="list-style-type: none"> <li>1. based on the initial Conversion Price of HK\$4.00, a maximum number of 125,000,000 Conversion Shares will be allotted and issued upon exercise in full of the conversion rights attaching to the Convertible Bonds.</li> <li>2. the Conversion Shares upon exercise of the conversion rights attaching to the Convertible Bonds shall be allotted and issued under the Specific Mandate to be granted to the Directors by the Independent Shareholders at the EGM.</li> </ol>
<b>Conversion Period</b>	:	the period commencing from the date of issue of the Convertible Bonds and ending on the day which falls on the 3rd anniversary of the date of issue of the Convertible Bonds.
<b>Conversion Restrictions</b>	:	the public float of the Company will not be unable to meet the relevant requirements under the Listing Rules; and upon exercise of the conversion rights attaching to the Convertible Bonds, the Bondholders and their respective associates, together with parties acting in concert (as defined in the Takeovers Code) with them, will not trigger a mandatory offer obligation under Rule 26 of the Takeovers Code.
<b>Early Redemption</b>	:	subject to the consent by holder(s) of the Convertible Bond, the Company may, by giving not less than 30 Business Days notice to the Bondholders of the Convertible Bonds, to redeem all or part of the outstanding the Convertible Bonds at an amount equal to 100% of the principal amount of the said outstanding the Convertible Bonds at any time from the date of issue of the Convertible Bonds.

- Redemption on Maturity Date** : the principal amount of the Convertible Bonds which remains outstanding on the Maturity Date shall be redeemed by the Company.
- Ranking** : Conversion Shares to be allotted and issued upon exercise of the conversion rights attaching to the Convertible Bonds shall rank pari passu in all respects among themselves and with all other existing Shares outstanding at the date of conversion and all Conversion Shares shall include rights to participate in all dividends and other distributions.
- Transferability** : any transfer of the Convertible Bonds shall be in respect of the whole or any part (in multiples of HK\$5,000,000) of the principal amount of the Convertible Bonds.
- the Convertible Bonds must not be transferred to any person, firm or company which is a connected person or core connected person (as defined in the Listing Rules) of the Company or the associate or close associate (as defined in the Listing Rules) of such connected person or core connected person of the Company except in compliance with the applicable requirements under the Listing Rules and the Takeovers Code.
- Application for listing** : no application will be made by the Company to the Stock Exchange for listing of the Convertible Bonds. Application will be made by the Company to the Listing Committee for the listing of, and permission to deal in, the Conversion Shares.
- Notice of conversion by other bondholders** : the Company may, upon request by the Bondholders in writing, notify the Bondholders about the conversion of the convertible bonds of the Company by other Bondholders within 7 Business Days from the date of receipt of the relevant conversion notice.

### **Conversion Price**

The Conversion Price of HK\$4.00 per Conversion Share, representing:

- (1) a discount of approximately 8.26% to the closing price of HK\$4.36 per Share as quoted on the Stock Exchange on the Last Trading Day;
- (2) a discount of approximately 13.61% to the average closing price of approximately HK\$4.63 per Share as quoted on the Stock Exchange for the last five trading days immediately prior to the Last Trading Day; and
- (3) a discount of approximately 15.25% to the average closing price of approximately HK\$4.72 per Share as quoted on the Stock Exchange for the last ten trading days immediately prior to the Last Trading Day.



The Conversion Price was arrived at after arm's length negotiations between the Company and the Subscribers with reference to the prevailing market prices of the Shares as shown above. The Directors (other than the independent non-executive Directors who will form an opinion after taken the recommendation from the Independent Financial Advisor) consider the Conversion Price and the terms and conditions of the Subscription Agreement are fair and reasonable based on the current market conditions and in the interests of the Company and Shareholders as a whole.

## EFFECT ON SHAREHOLDING STRUCTURE OF THE COMPANY

As at the date of this announcement, the Company has 899,946,103 Shares in issue. The shareholding interests of the Company as at (i) the date of this announcement; and (ii) immediately upon full exercise of the conversion rights attaching to the Convertible Bonds at the initial Conversion Price of HK\$4.00 per Share are as follows:

	(i) As at the date of this announcement		(ii) Immediately upon full exercise of the Conversion Rights attaching to the Convertible Bonds	
	Number of Shares	Approximate % of shareholding	Number of Shares	Approximate % of shareholding
<b>Directors:</b>				
Guo Jiang (Subscriber 1) and his spouse	66,724,771	7.41%	106,724,771	10.41%
Guo Fansheng	57,749,015	6.42%	57,749,015	5.63%
Callister Trading Limited (Note 2)	32,000,384	3.56%	32,000,384	3.12%
Lee Wee Ong (Subscriber 2)	3,350,672	0.37%	18,350,672	1.79%
<b>Substantial Shareholders:</b>				
Talent Gain Developments Limited (Note 1)	142,621,107	15.85%	142,621,107	13.91%
Unique Golden Limited (Note 1)	23,408,000	2.60%	23,408,000	2.28%
<b>Public:</b>				
<b>Other Subscribers:</b>				
Subscriber 3	—	—	40,000,000	3.90%
Subscriber 4	62,273,794	6.92%	92,273,794	9.00%
<b>Other Public Shareholding (Note 3)</b>	511,818,360	56.87%	511,818,360	49.94%
<b>Total</b>	<u>899,946,103</u>	<u>100%</u>	<u>1,024,946,103</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.

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

The Company is an investment holding company. The Group is an operator of B2B e-commerce platform that involves: internet technologies, internet finance, O2O business models, anti-counterfeit deployment and etc. Currently, The Group's key strategies have been focusing around the internet finance cluster, and merger and acquisition or investment of verticals for more synergies, in order to boost the B2B transaction enablement.

The Directors are of the view that the Subscription will provide the Company with a good opportunity to raise funds for satisfying near future development needs, as well as further expand its capital base. The Subscription also reflects the commitment of the senior management of the Company to the Company.

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

## **USE OF PROCEEDS**

The maximum gross proceeds from the Subscription will be approximately HK\$500,000,000. The maximum net proceeds from the Subscription will amount to approximately HK\$498,850,000. The net proceeds from the Subscription will be applied for the following purposes and in the amounts set out below:

- i) as to approximately 60%, or HK\$299,310,000 will be used for development of internet finance business/platform in China, including but not limited to:
  - 1) microloan business; and
  - 2) leasing business
- ii) as to approximately 40%, or HK\$199,540,000 will be used for potential merger and acquisitions or investments of resources into the B2B 2.0 business of the Company for vertical integration and horizontal alignments strategies, as well as for general working capital and general corporate purposes of the Company.

## **INFORMATION OF THE COMPANY**

The Company is an investment holding company listed on the Stock Exchange. Currently, the Group has five business segments, namely: (i) online 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.

## **INFORMATION ON THE SUBSCRIBERS**

### **Information on Subscriber 1**

Subscriber 1, Mr. Guo Jiang, chief executive officer and executive Director of the Company, holds 66,724,771 Shares of the Company as at the date of this announcement, representing approximately 7.41% of the total issued share capital of the Company. Accordingly, Subscriber 1 is a connected person of the Company under the Listing Rules and shall abstain from voting at the EGM.

### **Information on Subscriber 2**

Subscriber 2, Mr. Lee Wee Ong, executive Director and chief financial officer of the Company, holds 3,350,672 Shares of the Company as at the date of this announcement, representing approximately 0.37% of the total issued share capital of the Company. Accordingly, Subscriber 2 is a connected person of the Company under the Listing Rules and shall abstain from voting at the EGM.

### **Information on Subscriber 3**

Subscriber 3, Mr. Liu Jun, is a director of a non-wholly owned subsidiary of the Company, and indirectly holds 25% equity interest of the said subsidiary. Accordingly, Subscriber 3 is a connected person of the Company under the Listing Rules and shall abstain from voting at the EGM.

### **Information on Subscriber 4**

Subscriber 4, Mr. Liu Xiaodong, a Shareholder of the Company and a director of several subsidiaries of the Company and holds 62,273,794 Shares, representing approximately 6.92% of the total issued share capital of the Company. Accordingly, Subscriber 4 is a connected person of the Company under the Listing Rules and shall abstain from voting at the EGM.

## 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
12 November 2015	Placing of new shares under general mandate	HK\$277,340,000	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	Approximately HK\$221,500,000 used as intended

## SPECIFIC MANDATE

The Subscription Agreement and the transactions contemplated thereunder, including among other things, the allotment and issue of the Conversion Shares under the Specific Mandate upon exercise of the conversion rights attaching to the Convertible Bonds are subject to the approval of the Independent Shareholders at the EGM.

## APPLICATION FOR LISTING

No application will be made by the Company to the Stock Exchange for the listing of the Convertible Bonds. Application will be made by the Company to the Listing Committee for the listing of, and permission to deal in, the Conversion Shares.

## LISTING RULES IMPLICATIONS

As at the date of this announcement, Subscriber 1 is the chief executive officer and executive Director of the Company holding 66,724,771 Shares, representing approximately 7.41% of the total issued share capital of the Company. Subscriber 2 is the chief financial officer and executive Director of the Company holding 3,350,672 Shares, representing approximately 0.37% of the total issued share capital of the Company. Subscriber 3 is a director of a non-wholly owned subsidiary of the Company and indirectly holds 25% equity interest of the said subsidiary. Subscriber 4 is a Shareholder of the Company and a director of several subsidiaries of the Company, holding 62,273,794 Shares, representing approximately 6.92% of the total issued share capital of the Company.

Accordingly, the Subscribers are connected persons of the Company under the Listing Rules. Therefore, the Subscription constitutes as a non-exempt connected transaction of the Company subject to reporting, announcement, and the Independent Shareholders' approval requirements under Chapter 14A of the Listing Rules by way of poll at the EGM.

The Subscribers and their respective associates shall abstain from voting at the EGM to be convened to consider and, if thought fit, to approve the Subscription Agreement and the transactions contemplated thereunder and the Specific Mandate. To the best of the Directors' information, belief and knowledge, save for the Subscribers and their respective associates, no other parties have any material interest which is different from other Shareholders in relation to the Subscription and the grant of the Specific Mandate.

## **GENERAL**

An Independent Board Committee will be established to make recommendation to the Independent Shareholders regarding the Subscription Agreement and the transactions contemplated thereunder. An Independent Financial Adviser will be appointed to advise the Independent Board Committee and the Independent Shareholders in relation to the Subscription Agreement and the transactions contemplated thereunder.

The EGM will be convened for the Independent Shareholders to consider and, if thought fit, to approve the Subscription Agreement and the transactions contemplated thereunder.

A circular containing, amongst other things, (i) further details of the Subscription, (ii) the recommendation of the Independent Board Committee to the Independent Shareholders in relation to the Subscription, (iii) the advice of the Independent Financial Adviser to the Independent Board Committee and the Independent Shareholders in relation to the Subscription and (iv) notice of the EGM, is expected to be despatched as soon as practicable in accordance with the Listing Rules.

## **WARNING NOTICE**

**Shareholders and potential investors should note that completion of the Subscription is subject to fulfillment of the conditions precedent under the Subscription Agreement. As the Subscription 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 Existing Convertible Bonds under the Bonds Subscription Agreement. Pursuant to the terms and conditions of the Existing Convertible Bonds, the conversion price of the Existing Convertible Bonds will be adjusted as a result of the Subscription. 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 Existing Convertible Bonds. Apart from the above adjustment, all the other terms and conditions of the Existing Convertible Bonds will remain unchanged. Further announcement in this regard will be made after the completion of Subscription.

## DEFINITIONS

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

“associate(s)”	has the meaning ascribed thereto under the Listing Rules
“Board”	the board of Directors
“Bondholder(s)”	the holder(s) of the Convertible Bonds
“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”	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. (Stock Code: 2280), a company with limited liability incorporated in the Cayman Islands, the shares of which are listed on the Stock Exchange
“Completion”	completion of the subscription of the Convertibles Bonds
“Completion Date”	within 10 Business Days from the day on which all the conditions precedent to the Subscription Agreement are satisfied and fulfilled or such other date as the Company and the Subscribers may agree in writing
“connected person(s)”	has the meaning ascribed thereto under the Listing Rules
“Conversion Period”	the period commencing from the date of issue of the Convertible Bonds and ending on the day which falls on the 3rd anniversary of the date of issue of the Convertible Bonds.
“Conversion Price”	HK\$4.00 per Conversion Share (subject to adjustments)
“Conversion Share(s)”	up to 125,000,000 new Share(s) to be allotted and issued by the Company to the Bondholders upon the exercise of the conversion rights attaching to the Convertible Bonds at the Conversion Price

“Convertible Bonds”	the convertible bonds in an aggregated principal amount of HK\$500,000,000 to be issued by the Company under the Specific Mandate to the Subscribers pursuant to the Subscription Agreement
“Director(s)”	the director(s) of the Company
“EGM”	the extraordinary general meeting of the Company to be convened and held for the Independent Shareholders to consider and, if though fit, approve the Subscription Agreement and the transactions contemplated thereunder including among other things, the allotment and issue of the Conversion Shares under the Specific Mandate
“Existing 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
“Group”	the Company and its subsidiaries
“Hong Kong”	the Hong Kong Special Administrative Region of the People’s Republic of China
“HK\$” and “cents”	Hong Kong dollars and cents, the lawful currency of Hong Kong
“Independent Board Committee”	the independent board committee of the Company, comprising all the independent non-executive Directors, formed for the purpose of advising the Independent Shareholders in respect of the Subscription and the transactions contemplated under the Subscription Agreement
“Independent Financial Advisor”	an independent financial adviser to be appointed to advise the Independent Board Committee and the Independent Shareholders on the terms of the Subscription
“Independent Third Party(ies)”	third party(ies) independent of the Company and its connected persons (as defined under the Listing Rules)
“Independent Shareholders”	shareholders other than Subscribers and their associates and other Shareholders who are interested or involved in the Subscription of the Convertible Bonds, and are required to abstain from voting on the resolutions to approve, among other things, the Subscription at EGM
“Last Trading Day”	9 December 2015, being the day of the Subscription Agreement

“Listing Rules”	The Rules Governing the Listing of Securities on the Stock Exchange
“Long Stop Date”	29 February 2016, or such later date as the Company and the Subscribers may mutually agree in writing
“SFC”	the Securities and Futures Commission of Hong Kong
“SFO”	the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong)
“Share(s)”	ordinary share(s) of HK\$0.10 each in the share capital of the Company
“Shareholder(s)”	holder(s) of the Shares of the Company
“Specific Mandate”	the specific mandate to be granted to the Directors by the Independent Shareholders at the EGM for the allotment and issue of up to a maximum of 125,000,000 Conversion Shares
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Subscriber 1”	Mr. Guo Jiang, chief executive officer and executive Director of the Company, holds 66,724,771 Shares of the Company as at the date of this announcement, representing approximately 7.41% of the total issued share capital of the Company. Accordingly, Mr. Guo Jiang is a connected person of the Company under the Listing Rules
“Subscriber 2”	Mr. Lee Wee Ong, executive Director and chief financial officer of the Company, holds 3,350,672 Shares of the Company as at the date of this announcement, representing approximately 0.37% of the total issued share capital of the Company. Accordingly, Mr. Lee Wee Ong is a connected person of the Company under the Listing Rules
“Subscriber 3”	Mr. Liu Jun, a director of a non-wholly owned subsidiary of the Company, and indirectly holds 25% equity interest of the said subsidiary. Accordingly, Mr. Liu Jun is a connected person of the Company under the Listing Rules
“Subscriber 4”	Mr. Liu Xiaodong, a Shareholder of the Company and a director of several subsidiaries of the Company, holds 62,273,794 Shares, representing approximately 6.92% of the total issued share capital of the Company and is a connected person of the Company under the Listing Rules



“Subscribers”	Subscriber 1, Subscriber 2, Subscriber 3 and Subscriber 4 collectively
“Subscription”	the subscription of the Convertible Bonds by the Subscribers pursuant to the Subscription Agreement
“Subscription Agreement”	the conditional subscription agreement dated 9 December 2015 and entered into between the Company and the Subscribers in respect of the Subscription
“PRC”	The People’s Republic of China
“Takeovers Code”	the Codes on Takeovers and Mergers and Share Buy-backs issued by the Securities and Futures Commission
“%”	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, 9 December 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)*