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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: 2280)

**FULFILMENT OF THE HUIJIA PERFORMANCE TARGET AND
ZHONGFU PERFORMANCE TARGET FOR THE YEAR ENDED
31 DECEMBER 2017**

Reference is made to the announcements of HC International, Inc. (the “**Company**”) dated 18 December 2015, 8 January 2016 and 28 March 2017 in relation to the Zhongfu Acquisition, the announcements of the Company dated 13 January 2017 and 3 February 2017 in relation to the discloseable transaction in relation to the Huijia Acquisition, and the announcement of the Company dated 5 January 2018 in relation to subscription of new shares of the Company under general mandate in consideration of the Convertible Bonds (the “**Announcement**”). Capitalised terms used in this announcement shall have the same meanings as those defined in the Announcement, unless the context herein otherwise requires.

* For identification purpose only

BACKGROUND

Zhongfu Acquisition

On 18 December 2015, the Zhongfu Sellers, the Company and the Zhongfu Seller Guarantors entered into the Zhongfu SPA, pursuant to which the Zhongfu Sellers have conditionally agreed to sell, and the Company has conditionally agreed to acquire the the entire issued share capital of Zhongfu, for an aggregate consideration of HK\$170,807,500 (subject to downward adjustments) to be settled at completion by way of (i) cash; and (ii) issuance and allotment of Zhongfu CBs in aggregate principal amount of HK\$100,712,500, which is subject to downward adjustments on the basis of the Zhongfu Performance Targets of a yearly target amount of RMB10,000,000, RMB13,000,000 and RMB16,900,000 of the audited consolidated distributable profit (after-tax) of Zhejiang Zhongfu for the year ended/ending 31 December 2016, 2017 and 2018 respectively.

Completion of the Zhongfu Acquisition took place on 8 January 2016 and the Zhongfu CBs were issued to the Zhongfu Sellers accordingly. The Zhongfu Performance Target for the year ended 31 December 2016 was met, and the Zhongfu Sellers had converted the Zhongfu CBs in the principal amount of HK\$40,427,500 into 4,042,750 Shares.

Huijia Acquisition

On 13 January 2017, the Huijia Vendors, the Company and the Huijia Vendor Guarantors entered into the Huijia SPA, pursuant to which the Company acquired from the Huijia Vendors the entire issued share capital of Huijia for an aggregate consideration of HK\$409,090,909 (subject to downward adjustments) settled at completion by way of (i) cash; and (ii) issuance and allotment of the Huijia Convertible Bonds in aggregate principal amount of HK\$225,000,000, which is subject to downward adjustments on the basis of the Huijia Performance Targets of a yearly target amount of RMB20,000,000, RMB26,000,000 and RMB33,800,000 of the audited consolidated profit attributable to equity holders of Beijing Huijia for year ended/ending 31 December 2017, 2018 and 2019, respectively. Completion of the Huijia Acquisition took place on 3 February 2017 and the Huijia Convertible Bonds were issued to the Huijia Vendors accordingly.

Subscription of the Exchange Shares

On 5 January 2018, the Company entered into subscription agreements (“**Subscription Agreements**”) with the Zhongfu Sellers and Huijia Vendors, pursuant to which the Company agreed to allot and issue an aggregate of 36,028,500 new Shares (“**Exchange Shares**”) to the Zhongfu Sellers (6,028,500 Exchange Shares) and Huijia Vendors (30,000,000 Exchange Shares) in exchange for the surrender of the Convertible Bonds. Pursuant to the Subscription Agreements, the Exchange Shares will be put into custodian accounts and will only be released to the Zhongfu Sellers and Huijia Vendors upon ascertaining the level of fulfilment of the performance targets (“**Performance Target(s)**”) set out below:

Zhongfu Performance Targets (RMB)	Number of Exchange Shares subject to the unilateral release by the Company to the Zhongfu Sellers	Number of Exchange Shares subject to the unilateral buyback and cancellation of the Company
<i>For the financial year ended 31 December 2017</i>		
At or above 13,000,000	3,014,250	0
From 11,700,000 to 12,999,999	2,713,536	300,714
From 10,400,000 to 11,699,999	2,112,107	902,143
From 9,100,000 to 10,399,999	1,209,966	1,804,284
At or below 9,099,999	0	3,014,250
<i>For the financial year ending 31 December 2018</i>		
At or above 16,900,000	3,014,250	0
From 15,210,000 to 16,899,999	2,713,536	300,714
From 13,520,000 to 15,209,999	2,112,107	902,143
From 11,830,000 to 13,519,999	1,209,966	1,804,284
At or below 11,829,999	0	3,014,250

Huijia Performance Targets (RMB)	Number of Exchange Shares subject to the unilateral release by the Company to the Huijia Vendors	Number of Exchange Shares subject to the unilateral buyback and cancellation of the Company
<i>For the financial year ended 31 December 2017</i>		
At or above 20,000,000	8,181,819	0
From 18,000,000 to 19,999,999	7,355,372	826,447
From 16,000,000 to 17,999,999	5,702,480	2,479,339
From 14,000,000 to 15,999,999	3,223,141	4,958,678
At or below 13,999,999	0	8,181,819
<i>For the financial year ending 31 December 2018</i>		
At or above 26,000,000	10,909,090	0
From 23,400,000 to 25,999,999	9,807,163	1,101,927
From 20,800,000 to 23,399,999	7,603,306	3,305,784
From 18,200,000 to 20,799,999	4,297,520	6,611,570
At or below 18,199,999	0	10,909,090
<i>For the financial year ending 31 December 2019</i>		
At or above 33,800,000	10,909,091	0
From 30,420,000 to 33,799,999	9,807,164	1,101,927
From 27,040,000 to 30,419,999	7,603,306	3,305,785
From 23,660,000 to 27,039,999	4,297,520	6,611,571
At or below 23,659,999	0	10,909,091

On 16 January 2018, the Exchange Shares were allotted and issued to the Zhongfu Sellers and Huijia Vendors and put into custodian accounts according to the Subscription Agreements, and the Convertible Bonds were cancelled accordingly.

FULFILMENT OF THE PERFORMANCE TARGETS FOR THE YEAR ENDED 31 DECEMBER 2017

Zhongfu Performance Target

According to the audited consolidated financial statement of Zhejiang Zhongfu for the year ended 31 December 2017 dated 27 March 2018, the audited consolidated distributable profit (after-tax) of Zhejiang Zhongfu for the year ended 31 December 2017 exceeds RMB13,000,000. Accordingly, the Zhongfu Performance Target for the year ended 31 December 2017 has been met, and 3,014,250 Exchange Shares will be released to the Zhongfu Sellers, representing approximately 0.27% of the total issued share capital of the Company as at the date of this announcement. Immediately after the release of the 3,014,250 Exchange Shares to the Zhongfu Sellers (assuming there is no other change in the shareholding structure of the Company since the date of this announcement), the Zhongfu Sellers will own 7,057,000 Shares in aggregate, representing approximately 0.63% of the total issued share capital of the Company as at the date of this announcement.

Huijia Performance Target

According to the audited consolidated financial statement of Beijing Huijia for the year ended 31 December 2017 dated 27 March 2018, the audited consolidated distributable profit attributable to equity holders of Beijing Huijia for the year ended 31 December 2017 exceeds RMB20,000,000. Accordingly, the Huijia Performance Target for the year ended 31 December 2017 has been met, and 8,181,819 Exchange Shares will be released to the Huijia Vendors, representing approximately 0.73% of the total issued share capital of the Company as at the date of this announcement. Immediately after the release of the 8,181,819 Exchange Shares to the Huijia Vendors (assuming there is no other change in the shareholding structure of the Company since the date of this announcement), the Huijia Vendors will own 8,181,819 Shares in aggregate, representing approximately 0.73% of the total issued share capital of the Company as at the date of this announcement.

By order of the Board
HC INTERNATIONAL, INC.
Liu Jun

Executive Director and Chief Executive Officer

Beijing, PRC, 27 March 2018

As at the date of this announcement, the Board comprises:

Mr. Guo Jiang (*Executive Director and Chairman*)
Mr. Liu Jun (*Executive Director 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*)