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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)*

**(Main Board Stock Code: 2280)**

**PROPOSED ISSUE OF HK\$780,000,000 5.00% CONVERTIBLE BONDS  
DUE 2019**

**CREDIT SUISSE** 

**As Sole Global Coordinator and Lead Joint Bookrunner**

**CREDIT SUISSE** 

**CICC**  
**中金香港证券**

**As Joint Lead Managers and Joint Bookrunners**

\* For identification purposes only

The Board is pleased to announce that the Company has entered into a Subscription Agreement with the Joint Bookrunners, under which the Joint Bookrunners have agreed severally and not jointly to subscribe and pay for, or to procure subscribers to subscribe for, the Bonds to be issued by the Company in an aggregate principal amount of HK\$780,000,000, on the terms and subject to the conditions set out therein. In addition, the Company has agreed to grant the Joint Bookrunners an option to subscribe for all or any of the Option Bonds of up to HK\$200,000,000, on the terms and subject to the conditions set out in the Subscription Agreement. The Bonds are convertible into Shares in the circumstances set out in the Conditions at an initial Conversion Price of HK\$11.63 per share (subject to adjustments). Assuming full conversion of the Bonds at the initial Conversion Price of HK\$11.63 per share and no further issue of Shares, the Bonds will be convertible into approximately 67,067,928 new Shares, representing approximately 10.05% of the issued share capital of the Company as at the date of this announcement and approximately 9.13% of the issued share capital of the Company as at the date of this announcement as enlarged by the issue of the Conversion Shares upon full conversion of the Bonds.

The Conversion Shares to be issued upon conversion of the Bonds will rank *pari passu* in all respects with the Shares then in issue on the relevant Conversion Date.

**The Bonds have not been offered or sold and may not be offered or sold in Hong Kong to the public within the meaning of the Companies (Winding Up and Miscellaneous Provisions) Ordinance (Chapter 32 of the Laws of Hong Kong).**

**The Bonds and the Conversion Shares have not been and will not be registered under the US Securities Act and, subject to certain exceptions, may not be offered or sold within the United States. The Bonds are being offered and sold outside the United States in reliance on Regulation S under the US Securities Act.**

The estimated net proceeds from the Subscription of the Bonds, after deducting the underwriting discounts and commissions and estimated expenses payable in connection with the Bond Issue, amount to approximately HK\$761,629,000 million. The Company intends to use the net proceeds from the issue of the Bonds for potential acquisitions or investments, micro-finance business expansion and general corporate purposes.

The Conversion Shares are to be issued under the General Mandate. The issue of the Bonds is not subject to the approval of the Shareholders.

An application will be made by the Company to the Stock Exchange for the listing of, and permission to deal in, the Bonds and the Conversion Shares on the Stock Exchange. **Completion of the Subscription Agreement is subject to the satisfaction and/or waiver of the conditions precedent therein. In addition, the Subscription Agreement may be terminated in certain circumstances. Please refer to the paragraph headed “THE SUBSCRIPTION AGREEMENT” below for further information.**

**WARNING: As the Subscription Agreement may or may not complete, and the Bonds and/or the Conversion Shares may or may not be issued or listed, Shareholders and potential investors are advised to exercise caution when dealing in the Shares.**

The Board is pleased to announce that the Company has entered into the Subscription Agreement with the Joint Bookrunners, under which, among other things, (i) the Joint Bookrunners have agreed severally and not jointly to subscribe and pay for, or to procure subscribers to subscribe and pay for, the Bonds to be issued by the Company, initially, in an aggregate principal amount of HK\$780,000,000; and (ii) the Company has agreed to grant the Joint Bookrunners an option to subscribe for all or any of the Option Bonds of up to HK\$200,000,000, on the terms and subject to the conditions set out therein and summarised below.

## **THE SUBSCRIPTION AGREEMENT**

### **Date**

20 November 2014

### **Parties**

- (i) the Company as issuer;
- (ii) Credit Suisse as Sole Global Coordinator and Lead Joint Bookrunner; and
- (iii) Credit Suisse and CICC as Joint Lead Managers and Joint Bookrunners.

### **Subscription**

Subject to the fulfillment of the conditions set out below in the section headed “Conditions Precedent to the Subscription”, the Joint Bookrunners have agreed severally and not jointly to subscribe and pay for, or to procure subscribers to subscribe for, the Bonds to be issued by the Company on the Closing Date in an aggregate principal amount of HK\$780,000,000.

In addition, the Company has agreed to grant the Joint Bookrunners an option subscribe for all or any of the Option Bonds of up to HK\$200,000,000, on the terms and subject to the conditions set out in the Subscription Agreement. Such option shall be exercisable, in whole or in part, on one or more occasions at any time on or before the 30th day following the Closing Date, by the Joint Bookrunners. If such option is exercised, the Joint Bookrunners shall pay the net subscription moneys for the Bonds and the Option Bonds on the Closing Date or any Option Closing Date, respectively after deduction of commission, concession and fees.

To the best of the Directors’ knowledge, information and belief, the Joint Bookrunners are third parties independent of the Company and are not connected with the Company and its connected persons (as defined in the Listing Rules).

## **Subscribers**

The Joint Bookrunners have informed the Company that they intend to offer and sell the Bonds to no less than six independent placees (who will be independent individual, corporate and/or institutional investors). To the best of the Directors' knowledge, information and belief, each of the placees (and their respective ultimate beneficial owners) will be third parties independent of the Company and are not connected with the Company and its connected persons (as defined in the Listing Rules).

## **Lock-up**

The Company has undertaken with the Joint Bookrunners that neither the Company nor any person acting on its behalf will (a) issue, offer, sell, contract to sell, pledge, encumber or otherwise dispose of or grant options, issue warrants or offer rights entitling persons to subscribe or purchase any interest in any Shares or securities of the same class as the Bonds or the Shares or any securities convertible into, exchangeable for or which carry rights to subscribe or purchase the Bonds, the Shares or securities of the same class as the Bonds, the Shares or other instruments representing interests in the Bonds, the Shares or other securities of the same class as them, (b) enter into any swap or other agreement that transfers, in whole or in part, any of the economic consequences of the ownership of the Shares, (c) enter into any transaction with the same economic effect as, or which is designed to, or which may reasonably be expected to result in, or agree to do, any of the foregoing, whether any such transaction of the kind described in (a), (b) or (c) is to be settled by delivery of Shares or other securities, in cash or otherwise or (d) announce or otherwise make public an intention to do any of the foregoing, in any such case without the prior written consent of the Joint Bookrunners between the date of the Subscription Agreement and the date which is 90 days after the Closing Date (or (if later) the Option Closing Date) (both dates inclusive); except for (i) the Bonds and the Conversion Shares and (ii) the Company's share option scheme and the share award scheme.

In addition, the Company shall procure that Mr. Guo Jiang, Ms. Geng Yi and Mr. Guo Fansheng shall each execute, by no later than 1 Business Day following the date of the Subscription Agreement, a Shareholder Lock-up undertaking, pursuant to which each of the above Shareholders has undertaken that for a period from the date of the undertaking until 90 days from the Closing Date, neither he/she nor his/her nominee nor any person acting on his/her behalf will without the prior written approval of the Joint Bookrunners (except pursuant to any pledge or agreement existing as at the date of the relevant undertaking and notified to the Joint Bookrunners) (i) issue, offer, sell, contract to sell, pledge, encumber or otherwise dispose of (or publicly announce any such issuance, offer, sale or disposal) any of the Relevant Shares, or issue, offer, sell, contract to sell, pledge or otherwise dispose of any securities exchangeable for or convertible into or exercisable for the Relevant Shares, warrants or other rights to purchase the Relevant Shares or any security or financial product whose value is determined directly or indirectly by reference to the price of the Relevant Shares, including equity swaps, forward sales and options representing the right to receive any Relevant Shares; (ii) enter into any other arrangement that transfers to others, in whole or in part, any of the economic consequences of ownership of the Relevant Shares; or (iii) publicly announce any such offer, issue, sale or disposal of any Relevant Shares, except, in the case of Mr. Guo Jiang, for the (A) transfer of Relevant Shares pursuant to the Stock Lending Agreements; (B) up to 8.6 million Relevant Shares that may be transferred by Mr. Guo to employees of the Company as a bonus for the transfer of the Company to the Main Board of the Hong Kong Stock Exchange.

## Conditions Precedent to the Subscription

The obligations of the Joint Bookrunners to subscribe and pay for the Bonds are conditional on:

1. the Joint Bookrunners being satisfied with the results of their due diligence investigations with respect to the Company and its Subsidiaries and the Offering Circulars shall have been prepared in form and content satisfactory to the Joint Bookrunners;
2. the execution and delivery (on or before the Closing Date) of the other Contracts, each in form and substance satisfactory to the Joint Bookrunners, by the respective parties;
3. Mr. Guo Jiang, Ms. Geng Yi and Mr. Guo Fansheng shall have executed lock-up agreements (in an agreed form) by no later than 1 Business Day following the date of the Subscription Agreement;
4. upon the date of the Subscription Agreement, the Closing Date and the Option Closing Date (if any), there having been delivered to the Joint Bookrunners letters, in form and substance satisfactory to the Joint Bookrunners, dated the date of the Subscription Agreement in the case of the first letter and dated the Closing Date and the Option Closing Date (if any) in the case of the subsequent letters, and addressed to the Joint Bookrunners from PricewaterhouseCoopers, Certified Public Accountants to the Company;
5. at the Closing Date and the Option Closing Date (if any):
  - (i) the representations and warranties of the Company in the Subscription Agreement being true, accurate and correct at, and as if made on such date;
  - (ii) the Company having performed all of its obligations under the Subscription Agreement to be performed on or before such date; and
  - (iii) there having been delivered to the Joint Bookrunners a certificate, dated as of such date, of a duly authorised officer of the Company to such effect;
6. after the date of the Subscription Agreement or, if earlier, the dates as of which information is given in the Offering Circulars up to and at the Closing Date and the Option Closing Date (if any), there shall not have occurred any change (nor any development or event involving a prospective change), in the condition (financial or other), prospects, results of operations or general affairs of the Company or of the Group, which, in the opinion of the Joint Bookrunners, is material and adverse in the context of the issue and offering of the Bonds;
7. to the extent applicable, on or prior to the Closing Date there shall have been delivered to the Joint Bookrunners copies of all consents and approvals required in relation to the issue of the Bonds and the performance of its obligations under the Trust Deed, the Agency Agreement and the Bonds (including the consents and approvals required from all lenders);

8. there having been delivered to the Joint Bookrunners a certificate of no default dated as of such date, of a duly authorised officer of the Company;
9. the Stock Exchange having agreed to list the Conversion Shares and the Stock Exchange having agreed, subject to any conditions satisfactory to the Joint Bookrunners, to list the Bonds;
10. on or before the Closing Date and the Option Closing Date (if any), there having been delivered to the Joint Bookrunners legal opinions, in form and substance satisfactory to the Joint Bookrunners, dated the Closing Date or the Option Closing Date, as the case may be and such other resolutions, consents, authorities and documents relating to the issue of the Bonds, as the Joint Bookrunners may reasonably require; and
11. the execution and delivery of the Stock Lending Agreements both in a form acceptable to Credit Suisse.

The Joint Bookrunners may, at their discretion and upon such terms as they think fit, waive compliance with the whole or any part of the conditions precedent (other than condition 2 above).

The above conditions precedent must be satisfied and/or (as the case may be) waived on or prior to the Closing Date or the Option Closing Date, as the case may be. As at the date of this announcement, save for conditions 3 and 11 above, all the other conditions precedent to the completion of the Subscription Agreement are yet to be satisfied and/or (as the case may be) waived.

### **Termination of the Subscription**

The Joint Bookrunners may, by notice to the Company given at any time prior to payment of the net subscription monies for the Bonds or the Option Bonds (if any) to the Company, terminate the Subscription Agreement in any of the following circumstances:

1. if there shall have come to the notice of the Joint Bookrunners any breach of, or any event rendering untrue or incorrect in any respect, any of the warranties and representations contained in the Subscription Agreement or any failure to perform any of the Company's undertakings or agreements in the Subscription Agreement;
2. if any of the conditions specified in the paragraph headed "Conditions Precedent to the Subscription" has not been satisfied or waived by the Joint Bookrunners on or prior to the Closing Date or the Option Closing Date, as the case may be;
3. if in the opinion of the Joint Bookrunners, there shall have been, since the date of the Subscription Agreement, any change, or any development involving a prospective change, in national or international monetary, financial, political or economic conditions (including any disruption to trading generally, or trading in any securities of the Company on any stock exchange or in any over-the-counter market) or currency exchange rates or foreign exchange controls such as would in their view, be likely to prejudice materially the success of the offering and distribution of the Bonds or dealings in the Bonds in the secondary market;



4. if, in the opinion of the Joint Bookrunners, there shall have occurred any of the following events: (i) a suspension or a material limitation in trading in securities generally on the New York Stock Exchange, the London Stock Exchange plc, the Stock Exchange and/or any other stock exchange on which the Company's securities are traded; (ii) a suspension or a material limitation in trading in the Company's securities on the Stock Exchange and/or any other stock exchange on which the Company's securities are traded; (iii) a general moratorium on commercial banking activities in the United States, Hong Kong and/or the United Kingdom declared by the relevant authorities or a material disruption in commercial banking or securities settlement or clearance services in the United States, Hong Kong or the United Kingdom; or (iv) a change or development involving a prospective change in taxation affecting the Company, the Bonds and the Shares to be issued upon conversion of the Bonds or the transfer thereof;
  
5. if, in the opinion of the Joint Bookrunners, there shall have occurred any event or series of events (including the occurrence of any local, national or international outbreak or escalation of disaster, hostility, insurrection, armed conflict, act of terrorism, act of God or epidemic) as would in their view be likely to prejudice materially the success of the offering and distribution of the Bonds or dealings in the Bonds in the secondary market.

#### **PRINCIPAL TERMS OF THE BONDS**

The principal terms of the Bonds are summarised as follows:

*Adjustment upon Change of Control*

If a Change of Control shall occur, the Company shall give notice of that fact to the Bondholders and the Trustee (the "Change of Control Notice") within 14 days after it becomes aware of such Change of Control (with a copy to the Trustee). Following the giving of a Change of Control Notice, upon any exercise of Conversion Rights such that the relevant Conversion Date falls within 30 days following a Change of Control, or, if later, 30 days following the date on which the Change of Control Notice is given to Bondholders (such period, the "Change of Control Conversion Period"), the Conversion Price shall be adjusted in accordance with the following formula:

$$\text{NCP} = \frac{\text{OCP}}{1 + (\text{CP} \times c/t)}$$

Where:

“NCP” means the new Conversion Price

“OCP” means the Conversion Price in effect on the relevant Conversion Date

“CP” means 20% expressed as a fraction

“c” means the number of days from and including the date the Change of Control occurs to but excluding the Maturity Date

“t” means the number of days from and including the Issue Date to but excluding the Maturity Date,

provided that the Conversion Price shall not be reduced below the level permitted by applicable laws and regulations from time to time (if any).

If the last day of a Change of Control Conversion Period shall fall during a restricted transfer period, the Change of Control Conversion Period shall be extended such that its last day will be the fifteenth day following the last day of the Restricted Transfer Period (as defined in the Conditions).

### *Conversion*

Subject to and upon compliance with the Conditions, the Conversion Right in respect of a Bond may be exercised, at the option of the holder thereof, at any time on or after 7 January 2015 to the close of business (at the place where the certificate evidencing such Bond is deposited for conversion) on the date falling ten days prior to the Maturity Date (both days inclusive) (but, except as provided in the Conditions, in no event thereafter) or, if such Bond shall have been called for redemption by the Company before the Maturity Date, then up to and including the close of business (at the place aforesaid) on a date no later than ten days (at the place aforesaid) prior to the date fixed for redemption thereof.

The number of Conversion Shares to be issued on exercise of a Conversion Right shall be determined by dividing the principal amount of the Bonds to be converted by the Conversion Price in effect at the Conversion Date.



### *Conversion Price*

The price at which Conversion Shares will be issued upon conversion will initially be HK\$11.63 per Conversion Share. The initial Conversion Price of HK\$11.63 represents: (i) a premium of approximately 20% over the closing price of HK\$9.69 per Share as quoted on the Stock Exchange on the Last Trading Day; (ii) a premium of approximately 17.00% over the average closing price of HK\$9.94 per share as quoted on the Stock Exchange for five trading days up to and including the Last Trading Day; (iii) a premium of approximately 21.56% over the average closing price of HK\$9.57 per Share as quoted on the Stock Exchange for the ten trading days up to and including the Last Trading Day.

The initial Conversion Price is determined by the parties after arms' length negotiations with reference to the recent share price and future prospects of the Group.

The Conversion Price is subject to adjustment for, inter alia, (i) consolidation, subdivision and re-classification of Shares, capitalisation of profits and reserves, capital distributions, issuance of Shares, options, rights, warrants or securities at below 95% of the then current market price, and certain other dilutive events, and (ii) Change of Control events, subject to certain qualifications.

### *Form and Denomination*

The Bonds are in registered form in the denomination of HK\$1,000,000 and integral multiples of HK\$100,000 in excess thereof.

Upon issue, the Bonds will be represented by a global certificate (the "Global Certificate") representing Bonds registered in the name of a nominee of, and deposited with, a common depository for Euroclear Bank S.A./N.V. and Clearstream Banking, société anonyme.

### *Interest*

5.00% per annum payable semi-annually in arrear in equal instalments of HK\$2,500 per Calculation Amount (as defined below) on 27 May and 27 November in each year.

Interest in respect of any Bond shall be calculated per HK\$100,000 in principal amount of the Bonds (the "Calculation Amount"). The amount of interest payable per Calculation Amount for any period shall, save as provided above in relation to equal instalments, be equal to the product of 5.00%, the Calculation Amount and the day-count fraction for the relevant period, rounding the resulting figure to the nearest cent (half a cent being rounded upwards).

Where a Bond is redeemed or repaid pursuant to the Conditions and the payment of principal is improperly withheld or refused, it will continue to bear interest at 6.50% per annum from the date such sums are due but not paid until whichever is the earlier of (x) the day on which all sums due in respect of such Bond up to that day are received by or on behalf of the relevant holder, and (y) the day falling seven days after the Trustee or the Principal Agent has notified Bondholders of receipt of all sums due in respect of all the Bonds up to that seventh day (except to the extent that there is failure in the subsequent payment to the relevant holders under the Conditions).

<i>Issue Price</i>	100% of the principal amount
<i>Issuer</i>	The Company
<i>Maturity Date</i>	Unless previously redeemed, converted or purchased and cancelled, the Company will redeem each Bond at its principal amount together with accrued and unpaid interest on 27 November 2019
<i>Negative Pledge</i>	So long as any Bond remains outstanding, the Company will not, and will ensure that none of its Principal Subsidiaries (as defined in the Conditions) will, create, or have outstanding, any mortgage, charge, lien, pledge or other security interest upon the whole or any part of its present or future undertaking, assets or revenues (including any uncalled capital) to secure any Relevant Indebtedness, or any guarantee or indemnity in respect of any Relevant Indebtedness, without at the same time or prior thereto according to the Bonds the same security as is created or subsisting to secure any such Relevant Indebtedness, guarantee or indemnity equally and rateably or such other security as either (x) the Trustee shall in its absolute discretion deem not materially less beneficial to the interests of the Bondholders or (y) shall be approved by an Extraordinary Resolution (as defined in the Trust Deed) of the Bondholders.
<i>Principal Amount</i>	Bonds in principal amount of HK\$780,000,000, with an option to subscribe all or some of the Option Bonds, up to an additional aggregate amount of HK\$200,000,000.

- Ranking of Conversion Shares* The Conversion Shares to be issued upon conversion of the Bonds will be fully paid and rank *pari passu* in all respects with the Shares then in issue on the date the name of the holder of record of the number of Shares issuable upon conversion are registered as such in the register of members of the Company.
- Redemption at Maturity* Unless previously redeemed, converted or purchased and cancelled, the Company will redeem each Bond at its principal amount together with accrued and unpaid interest thereon on the Maturity Date. The Company may not redeem the Bonds at its option prior to that date except as provided below.
- Redemption at the option of the Bondholders* The Company will, at the option of the holder of any Bond, redeem all or some only of such holder's Bonds on 27 November 2017, at their principal amount together with interest accrued but unpaid to such date.
- Redemption at the option of the Company* The Company may, having given not less than 30 nor more than 60 days' notice (an "Optional Redemption Notice") to the Trustee and the Bondholders (which notice will be irrevocable), redeem the Bonds in whole, but not in part, on the date (the "Optional Redemption Date") specified in the Optional Redemption Notice at their principal amount together with interest accrued but unpaid to such date at any time if:
- (i) at any time after 27 November 2017, the Closing Price of the Shares for 20 out of the 30 consecutive Trading Days immediately prior to the date upon which the Optional Redemption Notice is given, was at least 130% of the Conversion Price then in effect (with adjustments where appropriate); or
  - (ii) immediately prior to the date the relevant Optional Redemption Notice is given, Conversion Rights shall have been exercised and/or purchases (and corresponding cancellations) and/or redemptions effected in respect of 90% or more in principal amount of the Bonds issued.

*Redemption for delisting,  
suspension of trading,  
Change of Control or  
change in law*

Each Bondholder will have the right to require the Company to redeem all but not some only of such holder's Bonds at their principal amount together with interest accrued to such date (if any) when the following occurs:

- (i) when the Shares cease to be listed or admitted to trading or are suspended for a period equal to or exceeding 20 consecutive trading days on the relevant stock exchange; or
- (ii) when there is a Change of Control; or
- (iii) when (A) there is any change in or amendment to the laws, regulations and rules of the PRC or the official interpretation or official application thereof (a "change in law") that results in (x) the Group (as in existence immediately subsequent to such change in law), as a whole, being legally prohibited from operating substantially all of the business operations conducted by the Group (as in existence immediately prior to such change in law) as of the last date of the period described in the Company's consolidated financial statements for the most recent fiscal quarter and (y) the Company being unable to continue to derive substantially all of the economic benefits from the business operations conducted by the Group (as in existence immediately prior to such change in law) in the same manner as reflected in the Company's consolidated financial statements for the most recent fiscal quarter and (B) the Company has not furnished to the Trustee, prior to the date that is twelve months after the date of the change in law, an opinion from an independent financial advisor or an independent legal counsel stating either (x) that the Company is able to continue to derive substantially all of the economic benefits from the business operations conducted by the Group (as in existence immediately prior to such change in law), taken as a whole, as reflected in the Company's consolidated financial statements for the most recent fiscal quarter (including after giving effect to any corporate restructuring or reorganisation plan of the Group) or (y) that such change in law would not materially adversely affect the Company's ability to make principal and interest payments on the Bonds when due or to issue Shares upon conversion of the Bonds in accordance with the Conditions.

*Redemption for taxation reasons*

The Bonds may be redeemed, at the option of the Company in whole, but not in part, at any time, on giving not less than 30 nor more than 60 days' notice to the Trustee and to the Bondholders (which notice shall be irrevocable), on the date specified in the notice for redemption at their principal amount together with interest accrued but unpaid to such date (if any), if (i) the Company satisfies the Trustee immediately prior to the giving of such notice that it has or will become obliged to pay additional tax amounts as a result of any change in, or amendment to, the laws or regulations of Hong Kong or the Cayman Islands or any political subdivision or any authority thereof or therein having power to tax, or any change in the general application or official interpretation of such laws or regulations, which change or amendment becomes effective on or after 20 November 2014, and (ii) such obligation cannot be avoided by the Company taking reasonable measures available to it, provided that no notice of redemption shall be given earlier than 90 days prior to the earliest date on which the Company would be obliged to pay such additional tax amounts were a payment in respect of the Bonds then due.

*Status*

The Bonds constitute direct, unconditional, unsubordinated and (subject to the provision relating to the negative pledge) unsecured obligations of the Company and shall at all times rank *pari passu* and without any preference or priority among themselves. The payment obligations of the Company under the Bonds shall, save for such exceptions as may be provided by mandatory provisions of applicable legislation and subject to provision relating to the negative pledge, at all times rank at least equally with all of its other present and future unsecured and unsubordinated obligations.

*Transferability*

The Bonds will be freely transferable, subject to certain Restricted Transfer Periods (as defined in the Conditions).

**GENERAL MANDATE TO ISSUE THE CONVERSION SHARES**

The issue of the Bonds and the Conversion Shares is not subject to Shareholders' approval. The Conversion Shares will be issued pursuant to the General Mandate, subject to the original limit of up to 132,523,323 Shares (representing 20% of the issued share capital of the Company on the date on which the General Mandate was granted). Based on the initial Conversion Price of HK\$11.63 per Share, up to 67,067,928 new Shares will be allotted and issued under the General Mandate upon the full conversion of the Bonds.

## **APPLICATION FOR LISTING**

An application will be made by the Company to the Stock Exchange for the listing of, and permission to deal in, the Bonds and the Conversion Shares on the Stock Exchange. **Completion of the Subscription Agreement is subject to the satisfaction and/or waiver of the conditions precedent therein. In addition, the Subscription Agreement may be terminated in certain circumstances. Please refer to the paragraph headed “THE SUBSCRIPTION AGREEMENT” above for further information.**

**WARNING: As the Subscription Agreement may or may not complete, and the Bonds and/or the Conversion Shares may or may not be issued or listed, Shareholders and potential investors are advised to exercise caution when dealing in the Shares.**

## **STOCK LENDING AGREEMENTS**

In connection with the Bond Issue, Mr. Guo Jiang, as lender, entered into a stock lending agreement dated 20 November 2014 with Credit Suisse AG and a letter agreement authorising stock borrow dated 20 November 2014 with Credit Suisse AG and Credit Suisse Securities (Europe) Limited to effect the lending of up to 35,000,000 Shares to Credit Suisse AG and Credit Suisse Securities (Europe) Limited. The maximum number of 35,000,000 Shares which are subject to the Stock Lending Agreements represent approximately 5.25% of the issued share capital of the Company as at the date of this announcement.

## **REASONS FOR THE SUBSCRIPTION AND USE OF PROCEEDS**

The Group is one of the leading domestic B2B e-commerce operators in the PRC and it aims to provide business information to facilitate buyers and sellers in the commercial world to disseminate and/or obtain such information to assist them in locating and matching their counterparties and to make business decisions. With its professional information services and advanced internet technologies, it has established a reliable demand and supply platform for SMEs, and has been providing them with complete business solutions. Over the past 22 years, the Group has expanded its business scope to cover more than 100 cities nationwide, with branches in 12 cities and a service team of approximately 3,000 individuals.

The net proceeds from the issue of the Bonds, after the deduction of commission (and assuming the payment of a discretionary incentive fee) and other related expenses, are estimated to be approximately HK\$761,629,000 million. The net price for each Conversion Share is estimated to be approximately HK\$11.36 (subject to adjustments).

The Company intends to use the net proceeds from the issue of the Bonds for potential acquisitions or investments, micro-finance business expansion and general corporate purposes. The Directors are of the view that the issue of the Bonds can provide the Company with additional funds at lower funding cost for the said purposes. The Directors (including the independent non-executive Directors) consider that the terms and conditions of the Subscription Agreement are made on normal commercial terms and are fair and reasonable as far as the Shareholders are concerned, and the issue of the Bonds is in the interests of the Company and the Shareholders as a whole.



## FUND RAISING ACTIVITIES IN THE PAST TWELVE MONTHS

The Company did not conduct any fund raising exercise by way of issue of equity securities in the past 12 months immediately preceding the date of this announcement.

## EFFECT ON SHAREHOLDING STRUCTURE

The Conversion Shares to be issued upon conversion of the Bonds will rank *pari passu* in all respects with the Shares then in issue on the relevant Conversion Date.

The following table illustrates (1) the existing shareholding structure as at the date of this announcement and (2) the shareholding structure assuming all the Bonds are fully issued and converted into new Shares at the initial Conversion Price of HK\$11.63 per Share each, on the assumptions that there will be no other change to the share capital of the Company from the date of this announcement until the completion of the conversion of the Bonds in full:

Name of Shareholders	As at the date of this announcement		Assuming all the outstanding amount of the Bonds are fully issued and converted into new Shares at the initial Conversion Price of HK\$11.63 per Share each	
	Number of Shares	% of total issued Shares	Number of Shares	% of the enlarged issued Shares
Digital China Holdings Limited (Note 1)	137,758,107	20.65%	137,758,107	18.76%
Guo Fansheng	57,749,015	8.66%	57,749,015	7.87%
Guo Jiang (Note 2)	54,348,146	8.15%	54,348,146	7.40%
Kent C McCarthy (Note 3)	45,691,785	6.85%	45,691,785	6.22%
Li Jianguang (Note 4)	32,000,384	4.80%	32,000,384	4.36%
Yang Ning (Note 5)	6,131,939	0.92%	6,131,939	0.84%
Geng Yi (Note 6)	5,150,625	0.77%	5,150,625	0.70%
Lee Wee Ong (Note 7)	2,100,672	0.31%	2,100,672	0.29%
<b>Other Shareholders:</b>				
Subscribers (Note 8)	0	0.00%	67,067,928	9.13%
Other public Shareholders	326,235,945	48.90%	326,235,945	44.43%
<b>Total Issued Shares</b>	<b>667,166,618</b>	<b>100.00%</b>	<b>734,234,546</b>	<b>100.00%</b>

*Notes:*

1. The 137,758,107 Shares are held by Talent Gain Developments Limited, a wholly-owned subsidiary of Digital China (BVI) Limited, which is in turn a wholly-owned subsidiary of Digital China Holdings Limited.
2. Mr. Kent C McCarthy's interest in the Company comprises of (i) 32,654,878 Shares held by Jayhawk Private Equity Fund, L.P., (ii) 2,059,018 Shares held by Jayhawk Private Equity Co-Invest Fund, L.P., (iii) 6,238,000 Shares held by JHAB Fund II, LLC, (iv) 2,493,058 Shares held by Kent C McCarthy Revocable Trust, (v) 1,124,737 Shares held by Kent C McCarthy Dynasty Trust and (vi) 1,122,094 Shares held by McCarthy Family SD, LLC. The entire issued share capital of each of the entities mentioned above is owned by Mr. McCarthy.
3. Mr. Guo Jiang is a Director of the Company. In addition, pursuant to the SFO, Mr. Guo Jiang is deemed to be interested in 5,150,625 Shares (see Note 5 below) held by Ms. Geng Yi, who is Mr. Guo's spouse. Mr. Guo is also interested in (i) 13,917,000 underlying Shares derived from the awarded shares granted to him under the employee's share award scheme of the Company and (ii) 15,134,000 underlying Shares derived from the share options granted under the share option scheme of the Company, of which 5,634,000 underlying Shares were derived from the share options granted to Ms. Geng Yi. The awarded shares and options will mature and be exercisable according to offer conditions.
4. The 32,000,384 Shares are held by Callister Trading Limited, a company wholly owned by Mr. Li Jianguang. Accordingly, Mr. Li is deemed to be interested in the 32,000,384 Shares of the Company pursuant to the SFO.
5. Mr. Yang Ning is a Director of the Company. Mr. Yang is also interested in 4,000,000 underlying Shares derived from the awarded shares granted to Mr. Yang under the employees' share award scheme of the Company. The awarded shares will mature and be exercisable according to offer conditions.
6. In addition, pursuant to the SFO, Ms. Geng is deemed to be interested in 54,348,146 Shares (see Note 2 above) held by Mr. Guo Jiang, who is Ms. Geng's spouse. Ms. Geng is also interested in (i) 13,917,000 underlying Shares derived from the awarded shares granted to Mr. Guo under the employee's share award scheme of the Company and (ii) 15,134,000 underlying Shares derived from the share options granted under the share option scheme of the Company, of which 9,500,000 underlying Shares were derived from the share options granted to Mr. Guo Jiang. The awarded shares and option will mature and be exercisable according to offer conditions.
7. Mr. Lee Wee Ong is a Director of the Company. Mr. Lee is also interested in (i) 1,000,000 underlying Shares derived from the awarded shares granted to him under the employees' share award scheme of the Company and (ii) 1,500,000 underlying Shares derived from the share options granted to him under the share option scheme of the Company. The awarded shares and options will mature and be exercisable according to offer conditions.
8. Assuming that the Subscribers do not hold any Shares as at the date of the Subscription Agreement.

## DEFINITIONS

In this announcement, unless the context otherwise requires, the following expressions have the following meanings when used herein:

“Agency Agreement”	the paying, conversion and transfer agency agreement to be entered into between the Company, the Trustee and the agents named therein
“Auditors”	PricewaterhouseCoopers, Certified Public Accountants, Hong Kong, the external auditor of the Company
“Board”	the board of Directors
“Bond Issue”	the issue and subscription of the Bonds pursuant to the Subscription Agreement
“Bondholder(s)”	holder(s) of the Bond(s) from time to time
“Bonds”	Bonds with an initial aggregate principal amount of HK\$780,000,000 due 2019 to be issued by the Company pursuant to the Subscription Agreement
“Business Day(s)”	any day(s) (excluding a Saturday or Sunday) on which commercial banks generally are open for business in the city in which the specified office of the registrar or the other relevant agents relating to the Bonds
“Change of Control”	occurs when: <ul style="list-style-type: none"><li>(i) any person or persons (other than Mr. Guo Jiang, Ms. Geng Yi, Mr. Guo Fansheng and Digital China Holdings Limited and/or their Related Persons) directly or indirectly, acting together, acquires Control of the Company; or</li><li>(ii) Mr. Guo Jiang, Ms. Geng Yi, Mr. Guo Fansheng and Digital China Holdings Limited and their Related Persons together with any Voting Rights controlled directly or indirectly by that person or persons, including through any voting consent agreement, cease to be the single largest holder, directly or indirectly, of the Voting Rights in the Company; or</li><li>(iii) the Company consolidates with or merges into or sells or transfers all or substantially all of the Company’s assets to any other person or persons, acting together;</li></ul>

Save that any changes in the shareholding of the Company as a result of the performance of the Stock Lending Agreements shall be disregarded in determining whether there has been a Change of Control

“CICC”	China International Capital Corporation Hong Kong Securities Limited, one of the joint lead managers and joint bookrunners relating to the Bonds
“Closing Date”	27 November 2014 or such later date as the Company and Joint Bookrunners may agree
“Company”	HC International, Inc., an exempted company incorporated in the Cayman Islands with limited liability on 3 March 2000, the Shares of which are listed on the Main Board of the Stock Exchange (Stock Code: 2280)
“Conditions”	the terms and conditions in relation to the Bonds
“Contracts”	the Subscription Agreement, the Agency Agreement and the Trust Deed
“Control”	the acquisition or control of more than 50% of the Voting Rights of the issued share capital of the Company or the right to appoint and/or remove all or the majority of the members of the Company’s board of directors or other governing body, whether obtained directly or indirectly, and whether obtained by ownership of share capital, the possession of Voting Rights, contract or otherwise
“Conversion Date”	the conversion date in respect of a Bond
“Conversion Price”	the price at which Shares will be issued upon exercise of a Conversion Right and the initial conversion price being HK\$11.63 per Conversion Share (subject to adjustments)
“Conversion Right”	the right of each holder of a Bond to convert such Bond into Shares credited as fully paid in accordance with the Conditions
“Conversion Shares(s)”	the Share(s) to be issued by the Company upon conversion of the Bonds
“Credit Suisse”	Credit Suisse (Hong Kong) Limited, the sole global coordinator and the lead joint bookrunner relating to the Bonds
“Director(s)”	director(s) of the Company
“General Mandate”	the general mandate granted to the Directors by the Shareholders pursuant to an ordinary resolution passed at the annual general meeting of the Company held on 30 April 2014

“Group”	the Company and its Subsidiaries
“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
“Joint Bookrunners”	Credit Suisse and CICC
“Last Trading Day”	20 November 2014
“Listing Rules”	the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited
“Maturity Date”	27 November 2019, being the date on which the Bonds mature
“Offering Circular”	the circular which the Company shall use for the issue of the Bonds and the listing of the Bonds on the Stock Exchange
“Option Bonds”	the additional Bonds to be issued by the Company upon exercise of an option granted by the Company to the Joint Bookrunners under the Subscription Agreement to subscribe up to an additional HK\$200,000,000 aggregate principal amount of 5.00% Bonds due 2019
“Option Closing Date”	the date on which the Option Bonds are to be issued by the Company
“PRC”	the People’s Republic of China excluding, for the purpose of this announcement, Hong Kong, the Macau Special Administrative Region of the People’s Republic of China and Taiwan
“Principal Agent”	the Bank of New York Mellon, London Branch, the principal paying agent and principal conversion agent to be appointed in relation to the Bonds
“Regulation S”	Regulation S under the US Securities Act
“Related Person”	with respect to any Shareholder (i) any trusts established for the benefit of such Shareholders and/or their immediate family members and/or siblings, (ii) any of their executors and/or beneficiaries of their estate, (iii) any companies in which they control, directly or indirectly, all the Voting Rights and have the ability to appoint and/or remove all the members of the board of directors or other governing body or (iv) their extended family members

“Relevant Indebtedness”	any indebtedness issued outside the PRC which is in the form of, or represented or evidenced by, bonds, notes, debentures, loan stock, bearer participation certificates, depositary receipts, certificates of deposit or other similar securities or instruments which for the time being are, or are intended to be or are capable of being, quoted, listed, dealt in or traded on any stock exchange or over-the-counter or other securities market (whether or not initially distributed by way of private placement), which for the avoidance of doubt does not include bi-lateral loans, syndicated loans or club deal loans
“Relevant Shares”	relevant Shares held by Mr. Guo Jiang, Ms. Geng Yi or Mr. Guo Fansheng
“SFO”	the Securities and Future Ordinance (Chapter 571 of the Laws of Hong Kong)
“Share(s)”	share(s) of HK\$0.10 each in the issued share capital of the Company
“Shareholder(s)”	holder(s) of the Shares
“Sole Global Coordinator”	Credit Suisse
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Stock Lending Agreements”	a stock lending agreement dated 20 November 2014 entered into between Mr. Guo Jiang and Credit Suisse AG and a letter agreement authorising stock borrow dated 20 November 2014 entered into between Mr. Guo Jiang, Credit Suisse AG and Credit Suisse Securities (Europe) Limited to effect the lending of up to 35,000,000 Shares to Credit Suisse AG and Credit Suisse Securities (Europe) Limited
“Subscribers”	the subscribers to the Bonds
“Subscription”	the subscription and issue of the Bonds pursuant to the Subscription Agreement
“Subscription Agreement”	a conditional subscription agreement dated 20 November 2014 entered into between the Company and the Joint Bookrunners in relation to, among other things, the Subscription



“Subsidiary”	in respect of any person, means (a) any company or other business entity of which that person owns or controls (either directly or through one or more other Subsidiaries) more than 50% of the issued share capital or other ownership interest having ordinary voting power to elect directors, managers or trustees of such company or other business entity, or (b) any company or other business entity which at any time has its accounts consolidated with those of that person or which, under the law, regulations or generally accepted accounting principles of the jurisdiction of incorporation of such person from time to time, should have its accounts consolidated with those of that person
“Trust Deed”	the trust deed to be entered into between the Company and the Trustee
“Trustee”	The Bank of New York Mellon, London Branch, the trustee to be appointed in relation to the Bonds
“US Securities Act”	the US Securities Act of 1933, as amended
“Voting Rights”	the right generally to vote at a general meeting of shareholders of the Company
“%”	per cent.

By Order of the Board  
**HC International, Inc.**  
**Guo Jiang**  
*Chief Executive Officer and Executive Director*

Beijing, the PRC, 20 November 2014

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. Yang Ning (*Executive Director and President*)  
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*)