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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)

(Stock code: 05839)

VOLUNTARY ANNOUNCEMENT

CONVERSION OF ZERO COUPON CONVERTIBLE BONDS

Financial Advisor to the Company



WALLBANCK BROTHERS
Securities (Hong Kong) Limited

This announcement is made by HC International, Inc. (the “**Company**”) on a voluntary basis.

CONVERSION OF ZERO COUPON CONVERTIBLE BONDS

Reference is made to the announcements of the Company dated 9 December 2015, 30 December 2015, 29 February 2016, 1 April 2016 and 26 May 2016 respectively and the circular of the Company dated 12 January 2016 (the “**Circular**”) in relation to, among other things, the Subscription. Capitalised terms used herein shall have the same meaning as ascribed to them in the Announcements and the Circular unless the context otherwise requires.

The Board announces that on 31 May 2016, the Company received conversion notices from Subscriber 1, Subscriber 2 and Subscriber 3 (as Bondholders) in respect of the exercise of the conversion rights attached to the Convertible Bonds in the principal amount of HK\$160,000,000, HK\$60,000,000 and HK\$160,000,000 (in aggregate of HK\$380,000,000) respectively at the Conversion Price of HK\$4.00 per Share (the “**Conversion**”). As a result of the Conversion, on 1 June 2016, the Company allotted and issued 40,000,000 new Shares, 15,000,000 new Shares and 40,000,000 new Shares (in aggregate of 95,000,000 Shares) (the “**Conversion Shares**”) to Subscriber 1, Subscriber 2 and Subscriber 3 respectively. The Conversion Shares will rank pari passu with all the existing Shares at the date of allotment and among themselves in all respects.

The issued share capital of the Company is increased to 1,010,230,103 Shares upon allotment and issue of the Conversion Shares.

SHAREHOLDING STRUCTURE OF THE COMPANY

The shareholding structure of the Company immediately before and upon the completion of the Conversion is set out below:

	Immediately before the completion of the Conversion		Immediately after the completion of the Conversion	
	<i>Number of Shares</i>	<i>Approximate % of shareholding</i>	<i>Number of Shares</i>	<i>Approximate % of shareholding</i>
Directors and their associate(s):				
Guo Jiang (Subscriber 1) and his spouse	83,358,771	9.11%	123,358,771	12.21%
Guo Fansheng	57,749,015	6.31%	57,749,015	5.71%
Callister Trading Limited (<i>Note 1</i>)	32,000,384	3.50%	32,000,384	3.17%
Lee Wee Ong (Subscriber 2)	3,350,672	0.36%	18,350,672	1.82%
Substantial Shareholders:				
Talent Gain Developments Limited (<i>Note 2</i>)	142,621,107	15.58%	142,621,107	14.12%
Unique Golden Limited (<i>Note 2</i>)	23,408,000	2.56%	23,408,000	2.32%
Other Subscribers:				
Subscriber 3	–	–	40,000,000	3.96%
Subscriber 4	62,273,794	6.80%	62,273,794	6.16%
Public Shareholding	510,468,360	55.78%	510,468,360	50.53%
Total	915,230,103	100.00%	1,010,230,103	100.00%

Note:

1. The entire share capital of Callister Trading Limited is owned by Mr. Li Jianguang, a non-executive Director of the Company.
2. 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). Therefore, each of Talent Gain Developments Limited, Digital China (BVI) Limited and Unique Golden Limited are deemed to be interested in the Shares owned by Digital China Holdings Limited.

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

Chief Executive Officer and Executive Director

Beijing, the People's Republic of China, 1 June 2016

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)

** for identification purpose only.*