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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)

- (1) SECOND SUPPLEMENTAL AGREEMENT IN RELATION TO VERY SUBSTANTIAL DISPOSAL, MAJOR TRANSACTION AND CONNECTED TRANSACTION: PROPOSED DISPOSAL OF THE ENTIRE EQUITY INTEREST IN BEIJING ZHIXING RUIJING FOR CERTAIN SHARES IN SHANGHAI GANGLIAN AND CASH;**
(2) DISCLOSEABLE TRANSACTION AND CONNECTED TRANSACTION: PROPOSED DISPOSAL OF XIZANG RUIJING; AND
(3) CONNECTED TRANSACTION: PROPOSED OFF-MARKET SHARE BUY-BACKS

Reference is made to the announcements of HC International, Inc. (the “**Company**”) dated 6 May 2016, 13 May 2016, 27 May 2016, 30 May 2016 and 6 June 2016 (the “**Announcements**”) in relation to, among other things, (i) a very substantial disposal, major transaction and connected transaction; (ii) a discloseable transaction and connected transaction; and (iii) a connected transaction in relation to application of the buy-backs of the shares of the Company. Capitalised terms used in this announcement shall have the same meanings as those defined in the Announcements, unless the context herein otherwise requires.

* *For identification purposes only*

SECOND SUPPLEMENTAL AGREEMENT TO THE FRAMEWORK AGREEMENT (AS SUPPLEMENTED BY THE SUPPLEMENTAL AGREEMENT)

Adjusted Consideration Issue and Cash Consideration

On 29 June 2016 (after trading hours), the Purchaser, the Company, Beijing Huicong Construction and Xizang Ruijing entered into a second supplemental agreement (the “**Second Supplemental Agreement**”) to the Framework Agreement (as supplemented by the Supplemental Agreement) pursuant to which the parties agree to adjust the proportion of the Consideration Issue and Cash Consideration from 67% and 33% respectively to 55% and 45% respectively (the “**Adjustment**”). As such, the Total Consideration which shall not be more than RMB2,080,000,000 and shall not be less than RMB2,000,000,000, shall be satisfied in the following manner:

- (a) as to 55% of the Total Consideration, by the allotment and issue of the Consideration Shares by the Purchaser to the Vendors; and
- (b) as to 45% of the Total Consideration, by payment of the Cash Consideration by the Purchaser to the Vendors.

Pursuant to the Framework Agreement, the parties agree that the Total Consideration shall be split between Beijing Huicong Construction and Xizang Ruijing in the proportion of 60% and 40% respectively.

Under the Second Supplemental Agreement, the number of shares of the Purchaser to be issued to Beijing Huicong Construction and Xizang Ruijing shall be calculated in accordance with the following formula:

Number of Consideration Shares = Total Consideration x 55% ÷ Issue Price

Pursuant to the Second Supplemental Agreement, based on the maximum Total Consideration of RMB2,080,000,000 and no adjustments on the Issue Price of RMB36.49 per Consideration Share, 31,351,054 Consideration Shares will be issued, (i) Beijing Huicong Construction shall receive RMB661,440,000 in cash and 16,074,540 Consideration Shares and (ii) Xizang Ruijing shall receive RMB274,560,000 in cash and 15,276,514 Consideration Shares.

Adjusted Compensation, if any

Under the Second Supplemental Agreement, the number of shares of the Purchaser and/or an agreed amount of cash to be compensated by Xizang Ruijing, if the net profit in any of the New Performance Undertaking Years is less than the New Performance Target in the corresponding year, remains unchanged. Other than the number of shares of the Purchaser and/or an agreed amount of cash to be compensated by Beijing Huicong Construction if the performance rate of the New Performance Target for any one of the New Performance Undertaking Years is less than 50%, the number of shares of the Purchaser and/or an agreed amount of cash to be compensated by Beijing Huicong Construction, if the net profit in any of the New Performance Undertaking Years is equal to or more than 50% and less than 80%, remains unchanged.

The aggregate value of the cash and the share compensation to be made by Beijing Huicong Construction and Xizang Ruijing if the net profit in any of the New Performance Undertaking Years is less than the New Performance Target in the corresponding year as set out in the announcement of the Company dated 6 May 2016 remains unchanged. As a result of the Adjustment, the percentages of the cash or share compensation to be made by Beijing Huicong Construction and Xizang Ruijing if the net profit in any of the New Performance Undertaking Years is less than the New Performance Target in the corresponding year have been changed. Set out below is the table showing the compensation to be made by Beijing Huicong Construction and Xizang Ruijing if the net profit in any of the New Performance Undertaking Years is less than the New Performance Target in the corresponding year under the Second Supplemental Agreement:

Performance rate of the New Performance Target for the year ending 31 December 2016	Compensation by Xizang Ruijing		Compensation by Beijing Huicong Construction	
	Number of shares of the Purchaser to be compensated	Amount of cash to be compensated (RMB)	Number of shares of the Purchaser to be compensated	Amount of cash to be compensated (RMB)
90% to less than 100%	2,137,571	N/A	N/A	N/A
80% to less than 90%	4,275,143	N/A	N/A	N/A
70% to less than 80%	4,582,954	82,368,000	641,271	N/A
50% to less than 70%	4,582,954	82,368,000	3,847,629	N/A
Less than 50%	4,582,954	82,368,000	4,822,362	81,432,000

Performance rate of the New Performance Target for the year ending 31 December 2017	Compensation by Xizang Ruijing		Compensation by Beijing Huicong Construction	
	Number of shares of the Purchaser to be compensated	Amount of cash to be compensated (RMB)	Number of shares of the Purchaser to be compensated	Amount of cash to be compensated (RMB)
90% to less than 100%	2,137,571	N/A	N/A	N/A
80% to less than 90%	4,275,143	N/A	N/A	N/A
70% to less than 80%	4,582,954	82,368,000	641,271	N/A
50% to less than 70%	4,582,954	82,368,000	3,847,629	N/A
Less than 50%	4,582,954	82,368,000	4,822,362	81,432,000

Performance rate of the New Performance Target for the year ending 31 December 2018	Compensation by Xizang Ruijing		Compensation by Beijing Huicong Construction	
	Number of shares of the Purchaser to be compensated	Amount of cash to be compensated (RMB)	Number of shares of the Purchaser to be compensated	Amount of cash to be compensated (RMB)
90% to less than 100%	2,850,095	N/A	N/A	N/A
80% to less than 90%	5,700,191	N/A	N/A	N/A
70% to less than 80%	6,110,606	109,824,000	855,028	N/A
50% to less than 70%	6,110,606	109,824,000	5,130,172	N/A
Less than 50%	6,110,606	109,824,000	6,429,816	108,576,000

Purchaser Fund Raising

Pursuant to the Second Supplemental Agreement, the total amount to be raised by the Purchaser under the Purchaser Fund Raising was revised from RMB2,080,000,000 to RMB953,000,000.

REASONS FOR ENTERING INTO THE SECOND SUPPLEMENTAL AGREEMENT

According to the Answers of the CSRC on Issues concerning the Issuance of Shares to Purchase of Assets and Currently Raising the Supporting Fund (《關於上市公司發行股份購買資產同時募集配套資金用途等問題與解答》) as published on 17 June 2016 (“the CSRC’s new requirements”), in order to determine whether there is any backdoor listing, when the controlling shareholder of a listed company, its ultimate beneficial owner(s) and party acting in concert with them propose to conduct fund raising, (i) the relevant shares involved will be excluded in considering whether there is a change in control and (ii) the amount raised under the fund raising shall only be used in the payment of the cash consideration and shall not be used to supplement the working capital of the listed issuer and the target assets or to repay debts. As the controlling shareholder of the Purchaser is one of the proposed subscribers under the Purchaser Fund Raising, the shares subscribed by it under the Purchaser Fund Raising will be excluded in considering whether there is a change in control. As such, pursuant to the Framework Agreement with the proportion of the Consideration Issue of 67% and Cash Consideration of 33%, the shareholding in the Purchaser held by its controlling shareholder and parties acting in concert with it will be very close to the shareholding in the Purchaser held by the Company and parties acting in concert with it after the original Consideration Issue. In order to further comply with the CSRC’s new requirements on major asset restructuring by the listed companies and to ensure stabilization of the controlling stake in the Purchaser held by the controlling shareholder and its ultimate controller of the Purchaser, the parties conclude the Second Supplemental Agreement to adjust the percentage of the Consideration Issue to the Total Consideration downward from 67% to 55%. In addition, as the parties recognize the curial role to be played by the Zhixing Ex-Shareholders to meet the New Performance Targets, the proportion of the Cash Consideration and the Consideration Issue to be received by Xizang Ruijing remains unchanged under the Second Supplemental Agreement. The Board considered that the increase in cash proportion for Beijing Huicong Construction under the Second Supplemental Agreement will provide more working capital for the operation of the Company.

Save as disclosed herein, all other terms and conditions of the Framework Agreement (as supplemented by the Supplemental Agreement) remain unchanged and in full force and effect in all respects. The Directors (excluding the independent non-executive Directors whose views will be set out in the circular) considers that the terms of the Second Supplemental Agreement are fair and reasonable, are on normal commercial terms and are in the interests of the Company and the Shareholders as a whole.

As the Completion is subject to the fulfilment of the conditions, the Transactions may or may not proceed. Shareholders and investors should exercise caution when dealing in the securities of the Company.

By order of the Board of
HC International, Inc.

Guo Jiang

Chief Executive Officer and Executive Director

Beijing, the People's Republic of China, 29 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)

The Directors jointly and severally accept full responsibility for the accuracy of the information contained in this announcement, and confirm, having made all reasonable enquiries, that to the best of their knowledge, opinions expressed in this announcement have been arrived at after due and careful consideration and there are no other facts not contained in this announcement, the omission of which would make any statement in this announcement misleading.