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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: 2280)

(Stock Code: 05839)

TERMINATION OF

(1) 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

PROPOSED ADJOURNMENT OF RESOLUTIONS TO APPROVE THE TRANSACTIONS AT THE EGM

RESUMPTION OF TRADING

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, 6 June 2016, 29 June 2016, 30 June 2016, 29 July 2016, 4 August 2016, 23 August 2016 and 14 September 2016 (the “**Announcements**”) and the circular of the Company dated 30 August 2016 (the “**Circular**”) 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.

TERMINATION OF THE FRAMEWORK AGREEMENT (AS SUPPLEMENTED)

On 20 September 2016 (after trading hours), the Company received a written notice from the Purchaser pursuant to which the Purchaser has decided to terminate the transactions contemplated under the Framework Agreement (as supplemented by the First Supplemental Agreement and the Second Supplemental Agreement) (the “**Termination**”) in view of the recent change of securities market conditions and policies of the PRC, in particular, the uncertainty of the relevant PRC listing policies on the return of overseas listed company to A shares and the material uncertainty on the part of the Purchaser to proceed with the transactions contemplated thereunder.

In view of the change of regulatory policies governing the transactions contemplated under the Framework Agreement (as supplemented) and the uncertainty to proceed with the transactions, the Board, after careful consideration, understands and accepts the reason of the Termination by the Purchaser. The Termination was exercised pursuant to the terms of the Framework Agreement (as supplemented) due to the change of regulatory laws, regulations and policies of the PRC resulting in the impracticability to complete the transactions contemplated thereunder. In view of the aforesaid and taking into account the interest of the Company as a whole, the Company agrees to the Termination. No party to the Framework Agreement (as supplemented) will be held responsible for any breach of the agreement.

After the Termination, Beijing Zhixing Ruijing will continue to be a subsidiary of the Company and its results will continue to be consolidated in the accounts of the Company. Having fulfilled the original performance targets for the first year under the Sale and Purchase Agreement, the Zhixing Ex-Shareholders will continue to perform their undertakings in respect of the original performance targets for the second year and the third year under the Sale and Purchase Agreement.

The Directors believe that the Termination will have no material adverse impact on the existing operation, management and prospects of the Group.

PROPOSED ADJOURNMENT OF RESOLUTIONS TO APPROVE THE TRANSACTIONS AT THE EGM

As a result of the Termination, it is no longer appropriate for the Disinterested Shareholders to consider and vote on the resolutions as set out in the notice of EGM regarding the approval of the Transactions (i.e. resolution no.1 in relation to the Framework Agreement (as supplemented by the First Supplemental Agreement and the Second Supplemental Agreement), resolution no.2 in relation to the Equity Transfer Agreement, the Asset Transfer Agreement and the Termination Agreement for the Reorganization, resolution no. 3 in relation to the Supplemental Partnership Agreements (as defined in the Circular) for the Reward Mechanism and the special resolution no.4 in relation to the Supplemental Deed in respect of the Buy-Backs). The EGM shall be held as scheduled on 23 September 2016. However, the chairman of the EGM will, with the consent of the meeting, adjourn all the resolutions as set out in the Notice of EGM sine die (i.e. to adjourn for an indefinite period of time).

The Group will, where appropriate, enter into termination agreement(s) in respect of the Reorganization, the Supplemental Partnership Agreements and the Supplemental Deed. As the Buy-Backs is conditional upon, among others, the approval of the Disinterested Shareholders, the Buy-Backs will lapse when resolution no.4 is adjourned sine die at the EGM.

SHAREHOLDING STRUCTURE OF THE COMPANY

The existing shareholding structure of the Company as at the date of this announcement is as follows:

| | As at the date of this announcement | |
|--|--|---|
| | <i>Number of Shares</i> | <i>% of total issued Shares (approximately)</i> |
| <i>Directors and their associates:</i> | | |
| Guo Jiang and his spouse | 125,358,771 | 12.41 |
| Guo Fansheng | 57,749,015 | 5.71 |
| Liu Jun | 40,000,000 | 3.96 |
| Callister Trading Limited (<i>Note 1</i>) | 32,000,384 | 3.17 |
| Lee Wee Ong | 18,350,672 | 1.82 |
| <i>Substantial Shareholders:</i> | | |
| Talent Gain Developments Limited (<i>Note 2</i>) | 142,621,107 | 14.12 |
| Unique Golden Limited (<i>Note 2</i>) | 23,408,000 | 2.32 |
| <i>Zhixing Ex-Shareholders:</i> | | |
| Mr. Liu | 62,273,794 | 6.16 |
| Ms. Wang | 38,921,121 | 3.85 |
| Mr. Shi | 31,136,897 | 3.08 |
| Mr. Yang | 23,352,673 | 2.31 |
| Other Public Shareholders | 415,125,669 | 41.09 |
| Total | 1,010,298,103 | 100 |

Notes:

1. The entire share capital of Callister Trading Limited is owned by Mr. Li Jianguang, a non-executive Director.
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.

RESUMPTION OF TRADING

At the request of the Company, trading in the shares (stock code: 02280) of the Company and the debt securities (stock code: 05839) of the Company on the Stock Exchange was halted with effect from 9:00 a.m. on 21 September 2016 pending the release of this announcement. An application has been made by the Company to the Stock Exchange for the resumption of trading in the shares (stock code: 02280) of the Company and the debt securities (stock code: 05839) of the Company with effect from 9:00 a.m. on 22 September 2016.

By order of the Board of
HC International, Inc.
Guo Jiang

Chief Executive Officer and Executive Director

Beijing, the People's Republic of China, 21 September 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. Liu Jun (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)

Mr. Tang Jie (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.

* *For identification purposes only*