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HC GROUP INC.

慧聪集團有限公司

(incorporated in the Cayman Islands with limited liability)

(Stock Code: 02280)

**DISCLOSEABLE TRANSACTION
DISPOSAL OF 60% OF EQUITY INTEREST IN HUICONG TIANJIN**

THE EQUITY TRANSFER AGREEMENT

The Board is pleased to announce that on 23 November 2020, Beijing Huicong, a wholly owned subsidiary of the Company, has entered into the Equity Transfer Agreement with Guangdong Fengming and Huicong Tianjin, pursuant to which Beijing Huicong has agreed to transfer 60% of the equity interest in Huicong Tianjin to Guangdong Fengming at the Consideration of RMB16,000,000.

Upon completion of the Disposal, Beijing Huicong will no longer hold any equity interest in Huicong Tianjin and Huicong Tianjin will cease to be a subsidiary of the Company, and the financial results of Huicong Tianjin and its subsidiaries will no longer be consolidated into the accounts of the Group and the financial results of Huicong Tianjin and its subsidiaries will be classified as discontinued operations in the Group's consolidated financial statements.

LISTING RULES IMPLICATIONS

As the highest applicable percentage ratio (as defined under Rule 14.07 of the Listing Rules) in respect of the Disposal contemplated under the Equity Transfer Agreement exceeds 5% but less than 25%, the Disposal constitutes a discloseable transaction of the Company under Chapter 14 of the Listing Rules and is subject to the notification and announcement requirements under the Listing Rules, but is exempt from the circular and Shareholders' approval requirements under Chapter 14 of the Listing Rules.

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The principal terms of the Equity Transfer Agreement are set out as follows:

Date

23 November 2020

Parties

1. Beijing Huicong, as seller;
2. Guangdong Fengming, as purchaser; and
3. Huicong Tianjin

To the best of the Directors' knowledge, information and belief and having made all reasonable enquiries, Guangdong Fengming and their ultimate beneficial owners are third parties independent of the Company and its connected persons.

Subject matter

Beijing Huicong has agreed to transfer 60% of the equity interest in Huicong Tianjin to Guangdong Fengming at the Consideration of RMB16,000,000.

The Equity Transfer Agreement shall take effect upon (i) the execution of the Equity Transfer Agreement; and (ii) approval of the Equity Transfer Agreement by the Board.

Consideration

The Consideration of RMB16,000,000 shall be paid into the designated bank account of Beijing Huicong by Guangdong Fengming within 20 working days of the date of execution of the Equity Transfer Agreement.

The Consideration was determined after arm's length negotiation between Beijing Huicong and Guangdong Fengming based on: (i) the appraised value of Huicong Tianjin of RMB25,972,700 as at 30 September 2020 according to a valuation report made by an independent PRC valuer; (ii) the unaudited net assets value of Huicong Tianjin of approximately RMB29,270,181.13 as at 30 September 2020; (iii) the proportion of the equity interest in Huicong Tianjin to be acquired by Guangdong Fengming; and (iv) the losses incurred by Huicong Tianjin as stated in the paragraph headed "Information of Huicong Tianjin" in this announcement.

Completion

Completion of the Disposal shall take place on the date on which Huicong Tianjin receives an updated business license issued by the competent registration authority of Huicong Tianjin.

INFORMATION OF THE GROUP AND BEIJING HUICONG

The Group endeavours to become the leading industrial internet group in the PRC. By focusing on and integrating advantageous resources, the Group has upgraded its organisational structure, with its business composed of three segments, namely the business groups of technology-driven new retail, smart industries, and platform and corporate services.

Beijing Huicong is a wholly-owned subsidiary of the Company established under the laws of the PRC with limited liability. It is principally engaged in the provision of business information in the PRC.

INFORMATION OF HUICONG TIANJIN

Huicong Tianjin is an indirectly non-wholly-owned subsidiary of the Company, which is established under the laws of the PRC with limited liability and having a total registered capital of RMB91,750,000. As at the date of this announcement, Huicong Tianjin is held by Beijing Huicong and Beijing Lepeng as to 60% and 40%, respectively. Beijing Lepeng is a company established in the PRC which is principally engaged in investment holding and is owned as to 81.25% by Mr. Li Peng (李鹏) and 18.75% by Mr. Yin Yue (殷悦), who are both merchants, respectively.

Huicong Tianjin and its subsidiaries are principally engaged in the investment in e-commerce projects, the provision of conference and exhibition, investment management, investment advisory, enterprise management consulting services.

Set out below is the unaudited consolidated financial information of Huicong Tianjin prepared in accordance with the generally accepted accounting principles in the PRC for the years ended 31 December 2018 and 2019, and for the nine months ended 30 September 2020, respectively:

	For the year ended 31 December		For the nine months ended 30 September
	2018	2019	2020
	RMB	RMB	RMB
Loss before taxation	(21,579,586.80)	(122,736,543.36)	(122,064,282.84)
Loss after taxation	(23,412,724.85)	(122,736,543.36)	(122,082,776.53)

The unaudited net asset of Huicong Tianjin as at 30 September 2020 was approximately RMB29,270,181.13.

INFORMATION OF GUANGDONG FENGMING

Guangdong Fengming is a company established under the laws of PRC with limited liability and is principally engaged in provision of property management services. It is owned as to 34% by Mr. He Wenju (何文鉅), 20% by Mr. Chen Yanhua (陳炎華) and 46% by five individuals with each of them holding not more than 15% interest of Guangdong Fengming, who are all corporate representatives. To the best knowledge, information and belief of the Directors having made all reasonable enquiries, as at the date of this announcement, Guangdong Fengming and its ultimate beneficial owners are third parties independent of the Company and its connected persons.

FINANCIAL EFFECT OF THE DISPOSAL AND USE OF PROCEEDS

Upon completion of the Disposal, Beijing Huicong will no longer hold any equity interest in Huicong Tianjin and Huicong Tianjin will cease to be a subsidiary of the Company. The financial results of Huicong Tianjin and its subsidiaries will no longer be consolidated into the accounts of the Group and the financial results of Huicong Tianjin and its subsidiaries will be classified as discontinued operations in the Group's consolidated financial statements.

Upon completion of the Disposal, it is expected that the Group will record a loss from the Disposal of approximately RMB39,050,000, which is calculated with reference to the Consideration, the investment costs of the Group, and other necessary expenditures and provision costs for the completion of the Disposal.

The net proceeds of the Disposal will be approximately RMB16,000,000. The Board intends to use the proceeds from the Disposal as working capital.

REASONS FOR AND BENEFITS OF THE DISPOSAL

Upon completion of the Disposal, Huicong Tianjin and its subsidiaries will cease to be subsidiaries of the Company, and the Group will cease the O2O business exhibition centre segment originally operated by the subsidiaries of Huicong Tianjin. By doing so, the Group can reduce its investment in the O2O business exhibition centre segment and avoid the potential loss incurred by such business segment, which will allow the Group to reduce its liabilities and interest expenses, and improve the gearing ratio and capital structure of the Group. Besides, the proceeds obtained from the Disposal will also allow the Group to reallocate its resources and focus on the dual-wheel driving model of “hc360.com (慧聰網)+zol.com.cn (中关村在線)” as its principal business.

Having considered the above, the Directors (including the independent non-executive Directors) are of the view that the terms of the Equity Transfer Agreement are on normal commercial terms, fair and reasonable, and the entering into of the Equity Transfer Agreement and the Disposal are in the interests of the Company and the Shareholders as a whole.

LISTING RULES IMPLICATIONS

As the highest applicable percentage ratio (as defined under Rule 14.07 of the Listing Rules) in respect of the Disposal contemplated under the Equity Transfer Agreement exceeds 5% but less than 25%, the Disposal constitutes a discloseable transaction of the Company under Chapter 14 of the Listing Rules and is subject to the notification and announcement requirements under the Listing Rules, but is exempt from the circular and Shareholders' approval requirements under Chapter 14 of the Listing Rules.

As none of the Directors is regarded as having a material interest in the Disposal, none of the Directors is required to abstain from voting on the Board resolutions approving the Equity Transfer Agreement and the Disposal.

DEFINITIONS

In this announcement, unless the context otherwise requires, the following expressions shall have the following meanings:

“Beijing Huicong”	Beijing Huicong International Information Co., Ltd.* (北京慧聰國際資訊有限公司), a wholly-owned subsidiary of the Company
“Beijing Lepeng”	Beijing Le Peng De Tai Investment Co., Ltd.* (北京樂鵬德泰投資有限公司), a company established in the PRC with limited liability
“Board”	the board of directors of the Company
“Company”	HC Group Inc., a company incorporated with limited liability under the laws of the Cayman Islands, the Shares of which are listed on the main board of the Stock Exchange
“connected person(s)”	has the meaning ascribed to it under the Listing Rules
“Consideration”	the consideration for the Disposal pursuant to the Equity Transfer Agreement, amounting to RMB16,000,000
“controlling shareholder(s)”	has the meaning ascribed to it under the Listing Rules
“Directors”	the directors of the Company
“Disposal”	the disposal of 60% of the equity interest in Huicong Tianjin by the Company pursuant to the Equity Transfer Agreement
“Equity Transfer Agreement”	an equity transfer agreement entered into on 23 November 2020, between Beijing Huicong, Guangdong Fengming and Huicong Tianjin in respect of the Disposal
“Group”	the Company and its subsidiaries as at the date of this announcement
“Guangdong Fengming”	Guangdong Fengming Property Management Co., Ltd.* (廣東豐明物業管理有限公司), a company established under the laws of the PRC

“Hong Kong”	the Hong Kong Special Administrative Region of the People’s Republic of China
“Huicong Tianjin”	Huicong (Tianjin) E-commerce Investment Co., Ltd.* (慧聰(天津)電子商務產業投資有限公司), a limited liability company established under the laws of the PRC and an indirectly non-wholly owned subsidiary of the Company
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“PRC”	the People’s Republic of China, and for the purpose of this announcement, excludes Hong Kong, the Macau Special Administrative Region of the People’s Republic of China and Taiwan
“RMB”	Renminbi, the lawful currency of the PRC
“Share(s)”	the share(s) of the Company
“Shareholder(s)”	the shareholders of the Company
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“subsidiary(ies)”	has the meaning ascribed to it under the Listing Rules
“%”	per cent

* for identification purpose only

By Order of the Board
HC Group Inc.
Liu Jun
Chairman

Hong Kong, 23 November 2020

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

Mr. Liu Jun (*Executive Director and Chairman*)
Mr. Zhang Yonghong (*Executive Director and Chief Executive Officer*)
Mr. Liu Xiaodong (*Executive Director and President*)
Mr. Guo Fansheng (*Non-executive Director*)
Mr. Sun Yang (*Non-executive Director*)
Mr. Lin Dewei (*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*)