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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)

**CONNECTED TRANSACTION
IN RELATION TO
PROVISION OF LOAN TO CHONGQING MICRO-CREDIT**

PROVISION OF THE LOAN

On 2 December 2020, Beijing Huicong, a wholly-owned subsidiary of the Company, entered into the Loan Agreement with Chongqing Micro-Credit, a non-wholly owned subsidiary of the Company, pursuant to which Beijing Huicong agreed to grant to Chongqing Micro-Credit an unsecured loan in the principal amount up to RMB50,000,000, bearing interest at a rate of 8% per annum for a period of one (1) year commencing from the drawdown date.

LISTING RULES IMPLICATIONS

Chongqing Micro-Credit is indirectly owned by Digital China as to 30%. As at the date of this announcement, Digital China and its associates held approximately 19.37% of the total issued shares of the Company. Digital China is thus a substantial Shareholder and a connected person of the Company at the issuer level. Therefore, Chongqing Micro-Credit is a connected subsidiary of the Company under the Listing Rules, and the transaction contemplated under the Loan Agreement constitutes a connected transaction of the Company under Chapter 14A of the Listing Rules.

As the highest applicable percentage ratio (as defined under Rule 14.07 of the Listing Rules) (other than the profits ratio) in respect of the Loan is more than 0.1% but less than 5%, the Loan Agreement is only subject to the reporting and announcement requirements but is exempt from the circular and independent Shareholders' approval requirements under Chapter 14A of the Listing Rules.

THE LOAN AGREEMENT

On 2 December 2020, Beijing Huicong, a wholly-owned subsidiary of the Company, entered into the Loan Agreement with Chongqing Micro-Credit, a non-wholly owned subsidiary of the Company, pursuant to which Beijing Huicong agreed to grant to Chongqing Micro-Credit an unsecured loan in the principal amount up to RMB50,000,000, bearing interest at a rate of 8% per annum for a period of one (1) year commencing from the drawdown date.

The principal terms of the Loan Agreement are summarised as follows:

Date:	2 December 2020
Lender:	Beijing Huicong, a wholly-owned subsidiary of the Company
Borrower:	Chongqing Micro-Credit, a non-wholly owned subsidiary of the Company
Principal amount:	Up to RMB50,000,000 (which may be drawn down by the Borrower in one or more tranches)
Term:	One (1) year commencing from the drawdown date
Interest:	8% per annum
Purpose of the Loan:	The Loan shall be used for daily operation of Chongqing Micro-Credit only.
Repayment:	<p>The principal amount of the Loan together with all the interest accrued thereon shall be repayable in full within 15 working days upon expiration of the term.</p> <p>During the term of the Loan, the Borrower may prepay the Loan or any part thereof provided that the Borrower shall notify the Lender ten (10) days in advance.</p>

The Loan will be funded by internal resources of the Group.

INFORMATION ON THE GROUP, BEIJING HUICONG AND CHONGQING MICRO-CREDIT

The Group endeavours to become the leading industrial internet groups 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 and is principally engaged in the provision of business information in the PRC.

Chongqing Micro-Credit is a company established in the PRC and is indirectly owned as to 70% by the Company and 30% by Digital China, a company listed on the main board of the Stock Exchange (stock code: 00861) principally engaged in the provision of information technology, supply chain, internet based integrated information technology platform construction and operation and institutional financial services, through its wholly-owned subsidiary. Chongqing Micro-Credit is principally engaged in development and operation of the micro-credit internet financing business in the PRC and development of micro-finance products such as trade finance, personal credit and guaranteed loan.

REASONS FOR AND THE BENEFITS OF PROVISION OF THE LOAN

Chongqing Micro-Credit is an indirect 70%-owned subsidiary of the Company. The provision of the Loan will enhance the working capital of Chongqing Micro-Credit and enable Chongqing Micro-Credit to expand its business, which will in turn have a positive effect on the Group's financial results.

The terms of the Loan Agreement (including the interest rate) were arrived at by the parties at after arm's length negotiations, having taken into account (i) the funding requirement of Chongqing Micro-Credit for its business operation, (ii) the Group's financing costs, (iii) the prevailing market interest rate in the PRC, and (iv) the commercial practice in the PRC. The Directors (including the independent non-executive Directors) consider that the terms of the Loan Agreement were entered into on normal commercial terms or better, and are fair and reasonable and in the interests of the Company and the Shareholders as a whole.

LISTING RULES IMPLICATIONS

Chongqing Micro-Credit is indirectly owned by Digital China as to 30%. As at the date of this announcement, Digital China and its associates held approximately 19.37% of the total issued shares of the Company. Digital China is thus a substantial Shareholder and a connected person of the Company at the issuer level. Therefore, Chongqing Micro-Credit is a connected subsidiary of the Company under the Listing Rules, and the transaction contemplated under the Loan Agreement constitutes a connected transaction of the Company under Chapter 14A of the Listing Rules.

As the highest applicable percentage ratio (as defined under Rule 14.07 of the Listing Rules) (other than the profits ratio) in respect of the Loan is more than 0.1% but less than 5%, the Loan Agreement is only subject to the reporting and announcement requirements but is exempt from the circular and independent Shareholders' approval requirements under Chapter 14A of the Listing Rules.

None of the Directors has a material interest in the transactions contemplated under the Loan Agreement and none of them is required to, or has abstained from voting on the relevant board resolutions to approve the Loan Agreement.

DEFINITIONS

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

“associate(s)”	has the meanings ascribed to it under the Listing Rules
“Beijing Huicong” or the “Lender”	北京慧聰互聯信息技術有限公司 (Beijing Huicong Internet Information Technology Co., Ltd*), a wholly-owned subsidiary of the Company
“Board”	the board of Directors
“Chongqing Micro-Credit” or the “Borrower”	重慶神州數碼慧聰小額貸款有限公司 (Chongqing Digital China Huicong Micro-Credit Co., Ltd.*), a company established in the PRC with limited liability, and is indirectly owned as to 70% by the Company and 30% by Digital China through their respective wholly-owned subsidiaries
“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
“Digital China”	Digital China Holdings Limited (神州數碼控股有限公司*), a company incorporated in Bermuda with limited liability, the issued shares of which are listed on the main board of the Stock Exchange (stock code: 00861)
“Director(s)”	directors of the Company
“Group”	the Company and its subsidiaries
“Hong Kong”	the Hong Kong Special Administrative Region
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“Loan”	a loan of RMB50,000,000 granted by the Lender to the Borrower pursuant to the Loan Agreement
“Loan Agreement”	the loan agreement dated 2 December 2020 and entered into between the Lender and the Borrower in relation to the provision of the Loan

“PRC”	the People’s Republic of China, and for the purpose of this announcement, excludes Hong Kong, Macau Special Administrative Region of the People’s Republic of China and Taiwan
“Share(s)”	ordinary share(s) of HK\$0.10 each in the share capital of the Company
“Shareholder(s)”	the shareholder(s) of the Company
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“substantial shareholder”	has the meaning ascribed to it under the Listing Rules
“RMB”	Renminbi, the lawful currency of the PRC
“%”	per cent

By order of the Board
HC GROUP INC.
Liu Jun
Chairman

Hong Kong, 2 December 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*)

* *For identification purposes only*