HC GROUP INC.
慧聰集團有限公司

(incorporated in the Cayman Islands with limited liability)

(Stock Code: 02280)

SUPPLEMENTAL ANNOUNCEMENT DISCLOSEABLE TRANSACTION IN RELATION TO DISPOSAL OF 60% OF EQUITY INTEREST IN HUICONG TIANJIN

Reference is made to the announcement of the Company dated 23 November 2020 (the "**Announcement**") in relation to the Disposal. Unless the context requires otherwise, capitalised terms used in this announcement shall have the same meaning as those defined in the Announcement.

The Board would like to supplement that the expected loss from the Disposal of approximately RMB39,050,000, as disclosed in the section headed "Financial Effect of the Disposal and Use of Proceeds" in the Announcement, is calculated with reference to the Consideration amount of RMB16,000,000 less the paid-up investment costs of Huicong Tianjin of approximately RMB55,050,000, which is to illustrate the investment loss in a cash basis.

With regard to the loss of the Disposal that the Group is expected to recognise in its consolidated statement of comprehensive income pursuant to Rule 14.60(3)(a) of the Listing Rules, it is expected that the Group will recognise a loss from the Disposal of approximately RMB1,562,000. Such amount is calculated in accordance to the Group's accounting policies and with reference to the Consideration amount less the carrying amount of the net asset of Huicong Tianjin attributable to the Group of approximately RMB17,562,000, which equals to 60% of the unaudited net asset value of Huicong Tianjin (approximately RMB29,270,000) as at 30 September 2020.

Shareholders should note that the financial effect of the Disposal pursuant to Rule 14.60(3)(a) of the Listing Rules as disclosed above is for reference only and the actual amount of gain or loss will be assessed based on the financial position of the Group as at the date of completion of the Disposal and subject to audit. The Group will finalise the figure and make appropriate disclosure in the upcoming annual report of the Company for the financial year ending 31 December 2020.

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

Hong Kong, 15 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)*