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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 THE ENTIRE EQUITY INTEREST IN TIANJIN GUOKAI**

**EQUITY TRANSFER AGREEMENT**

On 5 January 2021 (after trading hours), Beijing Huicong Technology, an indirect wholly-owned subsidiary of the Company, Beijing Little Rhino Horn Technology, Tianjin Guokai and Hong Kong Huicong International entered into the Equity Transfer Agreement, pursuant to which, Beijing Huicong Technology has conditionally agreed to transfer the entire equity interest in Tianjin Guokai to Beijing Little Rhino Horn Technology at the Consideration of RMB300,500,000. Hong Kong Huicong International (a wholly-owned subsidiary of the Company which holds the entire equity interest of Beijing Huicong Technology), Beijing Huicong Technology and Tianjin Guokai Group shall be jointly and severally liable for all the obligations (other than the obligations of Beijing Little Rhino Horn Technology) under the Equity Transfer Agreement.

Upon Completion, Beijing Huicong Technology will no longer hold any equity interest in Tianjin Guokai and Tianjin Guokai will cease to be a subsidiary of the Company, and the financial results of Tianjin Guokai Group will no longer be consolidated into the accounts of the Group.

**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.

**Shareholders and potential investors of the Company should be aware that the Disposal is conditional upon the satisfaction of the conditions precedent as set out in this announcement. Shareholders and potential investors of the Company should exercise caution when dealing in the securities of the Company.**

## **THE EQUITY TRANSFER AGREEMENT**

The Board is pleased to announce that on 5 January 2021 (after trading hours), Beijing Huicong Technology, an indirect wholly-owned subsidiary of the Company, Beijing Little Rhino Horn Technology, Tianjin Guokai and Hong Kong Huicong International entered into the Equity Transfer Agreement, pursuant to which, Beijing Huicong Technology has conditionally agreed to transfer the entire equity interest in Tianjin Guokai to Beijing Little Rhino Horn Technology at the Consideration of RMB300,500,000. Hong Kong Huicong International (a wholly-owned subsidiary of the Company which holds the entire equity interest of Beijing Huicong Technology), Beijing Huicong Technology and Tianjin Guokai Group shall be jointly and severally liable for all the obligations (other than the obligations of Beijing Little Rhino Horn Technology) under the Equity Transfer Agreement.

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

### **Date**

5 January 2021 (after trading hours)

### **Parties**

1. Beijing Huicong Technology, as the seller;
2. Beijing Little Rhino Horn Technology, as the purchaser;
3. Tianjin Guokai; and
4. Hong Kong Huicong International, as the guarantor.

### **Subject matter**

Beijing Huicong Technology has conditionally agreed to transfer the entire equity interest in Tianjin Guokai at the Consideration of RMB300,500,000. Upon completion of the Reorganisation, Tianjin Guokai will only hold the entire equity interest of Beijing Huicong International Information, which will only hold the entire equity interest of Shanghai Huicong Advertisement. Upon Completion, the entire equity interest of Tianjin Guokai Group companies together with the property leasing business and its related assets will be transferred to Beijing Little Rhino Horn Technology while the business of hc360.com and its related assets and liabilities will be retained by the Group.

The Equity Transfer Agreement shall take effect upon the execution of the Equity Transfer Agreement.

## Consideration

The Consideration of RMB300,500,000 shall be paid into the designated bank account of Beijing Huicong Technology by Beijing Little Rhino Horn Technology in the following manner:

1. RMB40,000,000 has been paid on the execution date of the Equity Transfer Agreement, and Beijing Huicong Technology has confirmed the receipt of such amount (the “**First Instalment**”);
2. RMB161,500,000 shall be paid within ten working days after the publication date of this announcement (the “**Second Instalment**”);
3. RMB20,000,000 shall be paid within six months after the publication date of this announcement (the “**Third Instalment**”);
4. RMB3,500,000 shall be paid: (i) within five working days after Beijing Huicong Technology and Beijing Little Rhino Horn Technology have signed all the registration documents for the change of equity interest in Tianjin Guokai; and (ii) after the registration authority of Tianjin Guokai has raised no objection to the registration documents after preliminary review (the “**Fourth Instalment**”); and
5. RMB75,500,000 shall be paid within five working days after: (i) the completion of the registration of the change of equity interest in Tianjin Guokai (based on the date of issuance of the new business licence of Tianjin Guokai issued by the competent authority); and (ii) Beijing Huicong Technology has handed over the new business licence, company stamp and other necessary company materials of Tianjin Guokai to Beijing Little Rhino Horn Technology (the “**Final Instalment**”).

The Consideration was determined after arm’s length negotiations between Beijing Huicong Technology and Beijing Little Rhino Horn Technology based on the appraised net asset value of the entire equity interest in Tianjin Guokai Group (excluding the assets and liabilities in relation to the business of hc360.com) as at 8 December 2020 by an independent valuer of RMB300,000,000 by using the asset-based method.

## Transitional arrangement

Beijing Huicong Technology undertakes that it shall complete the process of divesting its staff relating to the business, intellectual property, assets and liabilities of hc360.com, such that Tianjin Guokai Group will not have any indebtedness, guarantee and restriction on its rights (the “**Divestiture Process**”) within 12 months from the date of payment of the First Instalment and the Second Instalment (the “**Transitional Period**”).

If Beijing Huicong Technology completes the Divestiture Process at any time during the sixth to twelfth month of the Transitional Period and upon written confirmation by Beijing Little Rhino Horn Technology, Beijing Huicong Technology can issue a written notice to Beijing Little Rhino Horn Technology to commence the Completion process. Beijing Little Rhino Horn Technology will pay the Fourth Instalment and commence the registration process of the change of equity interest in Tianjin Guokai within 20 working days upon receiving such notice. If the Divestiture Process is completed within the first six months of the Transitional Period, upon mutual agreement by the Parties, Beijing Little Rhino Horn Technology will pay the Fourth Instalment and commence the Completion process.

### **Undertakings of Beijing Huicong Technology**

Beijing Huicong Technology undertakes to pay up all the registered capital of Tianjin Guokai before the Completion. As at the date of this announcement, the registered capital of Tianjin Guokai is RMB300,000,000 and the paid-up registered capital is RMB20,000,000. It also undertakes that Tianjin Guokai Group will not increase items, including but not limited to indebtedness, guarantee and restriction on the rights, that are unfavourable to Beijing Little Rhino Horn Technology.

Furthermore, Beijing Huicong Technology undertakes to pledge 70% of the equity interest in Beijing Huicong International Information to Beijing Little Rhino Horn Technology as guarantee for performance of its obligation under the Equity Transfer Agreement, within ten working days after the execution of the Equity Transfer Agreement. Beijing Huicong Technology shall be responsible for the registration of the pledge, and shall provide the relevant recognised registration completion documents to Beijing Little Rhino Horn Technology. After the Completion, Beijing Little Rhino Horn Technology and Tianjin Guokai shall commence the procedure for discharge of the pledge.

If the Disposal is not completed, Beijing Little Rhino Horn Technology and Tianjin Guokai shall commence the procedure for discharge of the pledge within five working days after Beijing Huicong Technology has returned the Consideration amount paid by Beijing Little Rhino Horn Technology pursuant to the terms of the Equity Transfer Agreement.

### **Completion and conditions precedent**

The Parties shall commence the registration process of the change of equity interest in Tianjin Guokai upon satisfaction of the following conditions:

1. the Company has carried out the necessary approval procedures (including convening the Board meeting and Shareholders' meeting (if necessary)) in accordance with the Listing Rules; and
2. Beijing Little Rhino Horn Technology has paid the First Instalment, the Second Instalment, the Third Instalment and the Fourth Instalment to Beijing Huicong Technology.

The date of Completion will be the date of issuance of the new business licence of Tianjin Guokai issued by the competent authority.

## **Default of the Equity Transfer Agreement**

If Beijing Little Rhino Horn Technology fails to pay the Consideration according to the schedule set out in the Equity Transfer Agreement, it shall pay a default payment (the “**Default Payment**”) daily calculated based on the loan prime rate as published under the authorisation of the People’s Bank of China by the National Interbank Funding Center (全國銀行間同業拆借中心) in the PRC from time to time. The payment of the Default Payment shall not affect the right of Beijing Huicong Technology to claim against Beijing Little Rhino Horn Technology for the amount of: (i) losses and damages caused by Beijing Little Rhino Horn Technology’s breach of the Equity Transfer Agreement that exceeds the amount of the Default Payment; and (ii) other losses and damages resulting from such breach. If the default of payment of the Consideration lasts for more than 20 working days, it shall be regarded as a breach of the Equity Transfer Agreement by Beijing Little Rhino Horn Technology. In this situation, the Equity Transfer Agreement will be terminated automatically and Beijing Huicong Technology will be entitled to retain the Consideration amount paid by Beijing Little Rhino Horn Technology.

If the Disposal is not completed for reasons relating to Beijing Huicong Technology and Tianjin Guokai Group or Beijing Huicong Technology cannot complete the Reorganisation within the Transitional Period, Beijing Huicong Technology will be liable for breach of the Equity Transfer Agreement. In this situation, Beijing Huicong Technology shall compensate Beijing Little Rhino Horn Technology with an amount equivalent to double of the Consideration amount paid by Beijing Little Rhino Horn Technology.

Hong Kong Huicong International, Beijing Huicong Technology and Tianjin Guokai Group shall be jointly and severally liable for all the obligations (other than the obligations of Beijing Little Rhino Horn Technology) under the Equity Transfer Agreement.

## **INFORMATION OF THE GROUP AND BEIJING HUICONG TECHNOLOGY**

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 Technology is an indirect wholly-owned subsidiary of the Company established in the PRC with limited liability. It is principally engaged in the provision of information and technology services in the PRC.

## **INFORMATION OF TIANJIN GUOKAI GROUP**

Tianjin Guokai is an indirect wholly-owned subsidiary of the Company established in the PRC in October 2020. It is an investment holding company which only holds the entire equity interest of Beijing Huicong International Information. As at the date of this announcement, the registered capital of Tianjin Guokai is RMB300,000,000 and the paid-up registered capital is RMB20,000,000. Upon Completion, the registered capital will be fully paid up pursuant to the terms of the Equity Transfer Agreement.

Beijing Huicong International Information is an indirect wholly-owned subsidiary of the Company established in the PRC with limited liability. It is principally engaged in provision of business information (i.e. the business of hc360.com) and property leasing in the PRC. Shanghai Huicong Advertisement is established in the PRC with limited liability. It is principally engaged in advertisement design, production, publication and agency services.

As at the date of this announcement and before the Reorganisation, Beijing Huicong International Information holds 85% of the equity interest in Beijing Huixiang, and Beijing Huixiang holds Beijing Huicong Advertisement Co., Ltd.\* (北京京慧聰廣告有限公司), Beijing Huicong Shangqing Advertisement Co., Ltd.\* (慧聰商情廣告(北京)有限公司), Shanghai Huicong Advertisement, Shanghai Huicong E-commerce Co., Ltd.\* (上海慧聰電子商務有限公司) and Hangzhou Huicong E-commerce Co., Ltd.\* (杭州慧聰電子商務有限公司) as to 80%, 80%, 50%, 20% and 20%, respectively. The remaining 50% equity interest in Shanghai Huicong Advertisement is held by Beijing Huicong Internet Information Technology Co., Ltd.\* (北京慧聰互聯信息技術有限公司), an indirect wholly-owned subsidiary of the Company.

After the Reorganisation, Tianjin Guokai will continue to hold the entire equity interest in Beijing Huicong International Information, and Beijing Huicong International Information will hold the entire equity interest in Shanghai Huicong Advertisement and retain the property leasing business and its related assets. The Excluded Companies will continue to be subsidiaries of the Group, and the business of hc360.com and its related assets and liabilities will be retained by the Group.

### Financial Information of Tianjin Guokai Group

Set out below are the unaudited combined financial information of Tianjin Guokai Group, derived from the unaudited management accounts of Beijing Huicong International Information and Shanghai Huicong Advertisement prepared in accordance with the PRC accounting standards, for the financial years ended 31 December 2018 and 2019 and the eleven months ended 30 November 2020 (assuming that the Reorganisation was completed).

	For the year ended 31 December		For the eleven months ended 30 November
	2018 <sup>Note 1</sup>	2019 <sup>Note 1</sup>	2020 <sup>Note 2</sup>
	(unaudited)	(unaudited)	(unaudited)
	RMB'000	RMB'000	RMB'000
Net profit/(loss) before tax <sup>Note 3</sup>	(34,745)	(11,455)	2,256
Net profit/(loss) after tax <sup>Note 3</sup>	(34,745)	(11,455)	2,256

The net asset of Tianjin Guokai Group<sup>Note 4</sup> (excluding the assets and liabilities in relation to the business of hc360.com) as at 30 November 2020 was approximately RMB123,945,000.



*Note:*

1. No financial information is available for the financial years ended 31 December 2018 and 2019 for Tianjin Guokai as it is established in October 2020.
2. As Tianjin Guokai is an investment holding company and has no business operation since its establishment, no profit/loss has been derived from Tianjin Guokai for the eleven months ended 30 November 2020.
3. Such figure does not include the profit/loss derived from the business of hc360.com, as such business will be retained by the Group and will not be transferred to Beijing Little Rhino Horn Technology upon the Completion.
4. Such figure is derived from the unaudited management accounts of Beijing Huicong International Information and Shanghai Huicong Advertisement and on the assumption that (i) the registered capital of Tianjin Guokai of RMB300,000,000 was fully paid-up; and (ii) the Reorganisation was completed.

Upon Completion, Beijing Huicong Technology will no longer hold any equity interest in Tianjin Guokai and Tianjin Guokai will cease to be a subsidiary of the Company, and the financial results of Tianjin Guokai Group will no longer be consolidated into the accounts of the Group.

## **INFORMATION OF BEIJING LITTLE RHINO HORN TECHNOLOGY**

Beijing Little Rhino Horn Technology is a company established in the PRC with limited liability and is principally engaged in the provision of technology services in the PRC. It is owned as to 60% by Mr. Liang Zhiqiang (梁志強), who is the legal representative of Beijing Little Rhino Horn Technology, and 40% by Mr. Dong Li (董力), who is a supervisor of Beijing Little Rhino Horn Technology.

To the best of the Directors' knowledge, information and belief and having made all reasonable enquiries, Beijing Little Rhino Horn Technology and its ultimate beneficial owners are Independent Third Parties.

## **FINANCIAL EFFECT OF THE DISPOSAL AND USE OF PROCEEDS**

Upon Completion, it is expected that the Group will record a gain of approximately RMB180,000,000 in its consolidated statement of comprehensive income, which is calculated with reference to the net proceeds of the Disposal less the estimated carrying amount of the net assets (excluding the assets and liabilities in relation to the business of hc360.com) of Tianjin Guokai Group of approximately RMB120,000,000 at the date of the Completion.

Shareholders should note that the financial effect of the Disposal 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 the Completion and subject to audit.

The net proceeds of the Disposal will be approximately RMB300,000,000. The Board intends to use the net proceeds from the Disposal in the following manner: (i) approximately 70% to repay the debt of the Company; and (ii) approximately 30% as working capital.

## **REASONS FOR AND BENEFITS OF THE DISPOSAL**

After the Disposal, approximately 70% of the net proceeds of the Disposal will be used to repay debt of the Company, which will reduce the Group's liabilities and interest expenses, and therefore enhancing the cashflow position and liquidity of the Group. Furthermore, the Group will divest its staff relating to the business, intellectual property, assets and liabilities of hc360.com from Tianjin Guokai Group and retain the operation of hc360.com after the Completion. Therefore, the Disposal allows the Group to optimise and reallocate its resources, so as to focus on the dual-wheel driving model of "hc360.com +zol.com.cn" 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 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.

**Shareholders and potential investors of the Company should be aware that the Disposal is conditional upon the satisfaction of the conditions precedent as set out in this announcement. Shareholders and potential investors of the Company should exercise caution when dealing in the securities of the Company.**



## DEFINITIONS

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

“Beijing Huicong International Information”	Beijing Huicong International Information Co., Ltd.* (北京慧聰國際資訊有限公司), a company established in the PRC
“Beijing Huicong Technology”	Beijing Huicong Technology Group Co., Ltd.* (北京慧聰科技集團有限公司), a company established in the PRC
“Beijing Huixiang”	Beijing Huixiang Network Technology Co., Ltd.* (北京慧翔網路技術有限公司), a company established in the PRC
“Beijing Little Rhino Horn Technology”	Beijing Little Rhino Horn Technology Co., Ltd.* (北京小犀角科技有限公司), a company established in the PRC
“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
“Completion”	completion of the Disposal pursuant to the Equity Transfer Agreement
“connected person(s)”	has the meaning ascribed to it under the Listing Rules
“Consideration”	the consideration for the Disposal of RMB300,500,000
“Director(s)”	the director(s) of the Company
“Disposal”	the disposal of the entire equity interest in Tianjin Guokai Group after the Reorganisation by Beijing Huicong Technology pursuant to the Equity Transfer Agreement
“Equity Transfer Agreement”	an equity transfer agreement entered into on 5 January 2021, between Beijing Huicong Technology, Beijing Little Rhino Horn Technology, Tianjin Guokai and Hong Kong Huicong International in respect of the Disposal
“Excluded Companies”	Beijing Huixiang, Beijing Huicong Advertisement Co., Ltd.* (北京京慧聰廣告有限公司), Beijing Huicong Shangqing Advertisement Co., Ltd.* (慧聰商情廣告(北京)有限公司), Shanghai Huicong E-commerce Co., Ltd.* (上海慧聰電子商務有限公司) and Hangzhou Huicong E-commerce Co., Ltd.* (杭州慧聰電子商務有限公司)

“Group”	the Company and its subsidiaries as at the date of this announcement
“Hong Kong”	the Hong Kong Special Administrative Region of the People’s Republic of China
“Hong Kong Huicong International”	Hong Kong Huicong International Group Limited (香港慧聰國際集團有限公司), a company incorporated in the British Virgin Islands
“Independent Third Party(ies)”	Third parties independent of and not connected with the Company and its connected persons
“Listing Rules”	the Rules Governing the Listing of Securities on The Stock Exchange
“Parties”	Beijing Huicong Technology, Beijing Little Rhino Horn Technology, Tianjin Guokai and Hong Kong Huicong International
“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
“Reorganisation”	the reorganisation of the group of companies held by Tianjin Guokai by carving out the Excluded Companies, and the business of hc360.com and its assets and liabilities, details of which are set out in the section headed “Information of Tianjin Guokai Group” in this announcement
“RMB”	Renminbi, the lawful currency of the PRC
“Shanghai Huicong Advertisement”	Shanghai New Huicong Net Advertisement Co., Ltd.* (上海新慧聰網廣告有限公司), a company established in the PRC
“Share(s)”	the share(s) of the Company
“Shareholder(s)”	the shareholder(s) of the Company
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Tianjin Guokai”	Tianjin Guokai Ruitou Education Technology Co., Ltd.*(天津國開瑞投教育科技有限公司), a company established in the PRC

“Tianjin Guokai Group”

Tianjin Guokai, Beijing Huicong International Information and Shanghai Huicong Advertisement (including the entire equity interest of the aforesaid companies together with the property leasing business and its related assets, but excluding the business of hc360.com and its related assets and liabilities)

“%”

per cent

\* *for identification purpose only*

*In this announcement, if there is any inconsistency between the Chinese names of the persons or entities or enterprises established in the PRC and their English translations, the Chinese names shall prevail.*

By order of the Board  
**HC Group Inc.**  
**Liu Jun**  
*Chairman*

Hong Kong, 5 January 2021

*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*)