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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)

**DISCLOSABLE TRANSACTION
CAPITAL INCREASE AGREEMENT
DEEMED DISPOSAL OF EQUITY INTEREST
IN ZHONGMO INTERNATIONAL**

On 24 December 2019, Beijing HC Technology, an indirect wholly-owned subsidiary of the Company, together with Kashen Tongyuan, Zhuhai Zhongmo, Tianjin Yanglinyuan, and Beijing Qiyuan entered into the Capital Increase Agreement with Liling Partnership to increase the registered capital and capital reserves of Zhongmo International.

Pursuant to the Capital Increase Agreement, Liling Partnership agreed to make a total capital contribution in the amount of RMB40,000,000 to Zhongmo International. Out of the Total Capital Contribution, RMB20,000,000 will be directly invested into Zhongmo International as capital increase and the remaining RMB20,000,000 will be invested into Zhongmo International as convertible bonds.

Immediately prior to the date of the Capital Increase Agreement, the equity interest held by the Group in Zhongmo International is 36.80%, however, pursuant to the Acting in Concert Agreement, Kashen Tongyuan is acting in concert with Beijing HC Technology and thus the consolidated financial results of Zhongmo International has been consolidated with the Group's financial results and is a subsidiary of the Company.

Upon completion of the Capital Increase, the Group's equity interest in Zhongmo International will be approximately 35.38% (assuming that Liling Partnership converts all convertible bonds into shares). The Acting in Concert Agreement will be terminated and Zhongmo International will no longer be a subsidiary of the Company and will be accounted for and consolidated in the Group's financial results as an associate using equity method. The transaction contemplated under the Capital Increase Agreement therefore constitutes a deemed disposal of Zhongmo International under the Listing Rules.

LISTING RULE IMPLICATIONS

As one or more of the applicable percentage ratios in respect of the transaction contemplated under the Capital Increase Agreement calculated in accordance with the Rule 14.07 of the Listing Rules are more than 5% but less than 25%, the transaction constitutes a disclosable transaction of the Company under the Listing Rules and is subject to the reporting and announcement requirements.

THE CAPITAL INCREASE AGREEMENT

Date: 24 December 2019

Parties: 1. Beijing HC Technology, Kashen Tongyuan, Zhongmo International, Tianjin Yanglingyuan and Beijing Qiyuan, being the Initial Shareholders

2. Liling Partnership

To the best information, knowledge and belief of the Directors, save and except for Beijing HC Technology which is an indirect wholly-owned subsidiary of the Company, all other Parties and their respective ultimate beneficial owners are Independent Third Parties.

The Capital Increase Agreement contains the following salient terms:

Subject matter of the Capital Increase Agreement

Pursuant to the Capital Increase Agreement, Liling Partnership agreed to make a capital contribution in the total amount of RMB40,000,000 to Zhongmo International. Out of the Total Capital Contribution, RMB20,000,000 will be directly invested into Zhongmo International as capital increase and the remaining RMB20,000,000 will be invested into Zhongmo International as convertible bonds.

The equity holding structure of Zhongmo International immediately before and after the transfer of the First Stage Capital Contribution are as follows:

Shareholder	Immediately before the Capital Increase		Immediately after the Capital Increase	
	Registered capital (RMB'000)	Equity Interest	Registered capital (RMB'000)	Equity Interest
Kashen Tongyuan	4,613	36.44%	4,613	35.72%
Beijing HC Technology	4,659.17	36.80%	4,659.17	36.08%
Beijing Qiyuan	350	2.76%	350	2.71%
Tianjin Yanglingyuan	506.43	4.00%	506.43	3.92%
Zhuhai Zhongmo	2,532.15	20.00%	2,532.15	19.61%
Liling Partnership	–	–	253.215	1.96%
Total	<u>12,660.75</u>	<u>100%</u>	<u>12,913.965</u>	<u>100.00%</u>

Valuation

The Parties mutually agreed that with reference to Zhongmo International's consolidated profit targets as stated below, the pre-investment valuation of Zhongmo International is RMB1,000,000,000:

1. the consolidated profit in the financial year 2020 is not less than RMB80,000,000; and
2. the consolidated profit in the financial year 2021 is not less than RMB120,000,000.

Consideration

The amount of capital contribution of RMB40,000,000 by Liling Partnership under the Capital Increase was arrived at on normal commercial terms after arm's length negotiation and taking into consideration, among others, (i) the Performance Targets; (ii) expected future growth and development of Zhongmo International; and (iii) the Valuation.

Out of the Total Capital Contribution, RMB20,000,000 will be used to subscribe for Zhongmo International's newly increased registered capital of RMB253,215. Consequentially, RMB253,215 of the RMB20,000,000 will be applied to the registered capital of Zhongmo International and the remaining RMB19,746,785 will be applied to the capital reserve of Zhongmo International.

For the remaining RMB20,000,000, it will be invested into convertible bonds issued by Zhongmo International. The convertible bonds will mature on 31 December 2024, and the interest rate will be 8% per annum (simple interest). Zhongmo International should redeem the convertible bonds within 10 days of the Maturity Date by repaying Liling Partnership RMB20,000,000 and any accrued interests. Liling Partnership may exercise its conversion right by informing Zhongmo International before 30 June 2024. The convertible bonds shall be converted into RMB253,315 as newly increased registered capital of Zhongmo International. If prior to the exercise of conversion right by Liling Partnership, Zhongmo International converts any capital reserve into registered capital, distributes its shares or any other similar events occurs, the amount of registered capital converted shall be adjusted accordingly. Liling Partnership and Zhongmo International shall execute a loan agreement in accordance with the arrangement aforementioned.

Zhongmo International and Liling Partnership shall set up a joint account jointly managed by both parties within 5 working days from the date on which the Capital Increase Agreement takes effect. Liling Partnership shall pay RMB20,000,000 in cash to the said joint account by 28 February 2020 after the Consideration Conditions have been satisfied and proved to Liling Partnership in writing. The remaining capital contribution of RMB20,000,000 shall be paid by 30 April 2020.

Consideration Conditions

The transfer of Total Capital Contribution from the said joint account to Zhongmo International is conditional upon the following conditions being satisfied:

- (a) Zhongmo International, Han Zhiyong* (韓志勇) and Beijing HC Technology having executed the formal agreement and approved at the shareholders' meeting of Zhongmo International. Pursuant to the Capital Increase Agreement and the relevant shareholders' resolution, the Management Shareholders shall become the largest shareholders (as ultimate beneficial owners) of Zhongmo International and shall be in control of more than half of the directors of Zhongmo International;
- (b) Zhongmo International having set up in Liling (醴陵), with its headquarter, major business entity and Middle-South area business center having moved to the area of Liling, and having issued a written undertaking that Zhongmo International would not move out of Liling within the next 15 years;
- (c) the Zhongmo Group having conducted tax re-arrangement, so that Zhongmo International and its branches and subsidiaries shall report and pay their taxes in the area of Liling; and
- (d) Liling Partnership and Zhongmo International having executed a loan agreement in accordance to the Capital Increase Agreement.

Conditions Precedent

The Completion is conditional upon satisfaction of the conditions as stated below (among other things):

- (a) Zhongmo International having obtained shareholders' resolution and directors' resolution approving the Capital Increase and the execution of the Capital Increase Agreement in accordance with its articles of association and other related agreements;
- (b) Zhongmo International having obtained necessary approvals from government authorities and/or consent from any other third parties (if required);
- (c) Liling Partnership, Zhongmo International and the Initial Shareholders having executed the new articles of association of Zhongmo International in accordance to the Capital Increase Agreement;
- (d) Having completed the changes in business registration and filing for the Capital Increase, including change of registered capital, shareholders, and directors pursuant to the injection of First Stage Capital Contribution to Zhongmo International;
- (e) Zhongmo International having provided to Liling Partnership the financial statements of Zhongmo Group for the year ended 31 December 2018 and for the six months ended 30 June 2019, and the financial statements of Zhongmo Group for the year ended 31 December 2019 before the transfer of the Total Capital Contribution;

- (f) the Zhongmo Group and its senior management having signed employment contracts, non-disclosure agreements and non-compete agreements for no less than three years;
- (g) from the date of execution of the Capital Increase Agreement to Completion, the representations and warranties made by Zhongmo Group, Management Shareholders and Initial Shareholders are true, accurate and complete, and there is no fraudulent recording, misleading statements or any material omission.

If any of the above conditions precedent is not satisfied by Zhongmo International, Liling Partnership may rescind the Capital Increase Agreement.

Performance Target/Financial Undertaking

The Management Shareholders and Zhongmo International undertake that the audited consolidated net profit in accordance with the PRC accounting standards:

- (1) shall not be less than RMB80,000,000 in 2020, and
- (2) shall not be less than RMB120,000,000 in 2021.

Valuation adjustment and compensation

If the net profit of a period is lower than Performance Targets, the current valuation of Zhongmo International shall be adjusted according to the following formula:

Current Zhongmo International valuation: $V = E' \times (P/E \text{ value})$.

Accordingly, E 'is the net profit realized in the current period, E is the Performance Targets, and P is the post-investment valuation of Zhongmo International, equivalent to RMB1.02 billion.

After the valuation of Zhongmo International is adjusted, the method of compensation shall be determined by both parties through friendly negotiation. Liling Partnership has the priority right to choose compensation by cash. If compensation by shares is appropriate regarding to the actual situation, Liling Partnership can also choose to be compensated by shares.

Management Shareholder, Beijing HC Technology, Kashen Tongyuan, Zhuhai Zhongmo shall be jointly liable for the payment of the aforementioned compensation by cash and by shares.

Repurchase

If any of the circumstances as stated below (among other things) occurs, Liling Partnership has the right to require Management Shareholders and/or Zhongmo International/or the controlling shareholders of Zhongmo International to repurchase all or part of Zhongmo International's shares held by the Liling Partnership:

- 1. The net profit realized in any period is less than 90% of the Performance Targets;
- 2. Zhongmo International did not complete its listing before December 31, 2024;

3. If Management Shareholders are unsuitable to serve as directors, supervisors and senior managers of Zhongmo International;
4. Zhongmo International and/or Management Shareholders cause any substantial obstacles to the listing of Zhongmo International, which makes it impossible to achieve the goal of completing the listing by December 31, 2024.

Management Shareholders and/or Zhongmo International and/or the controlling shareholders of Zhongmo International shall repurchase all or part of Zhongmo International's shares held by Liling Partnership at the following repurchase consideration:

The repurchase consideration is the amount of Liling Partnership's investment plus 8% interest (simple interest) per year. The calculation formula is: the repurchase consideration = the actual investment amount corresponding to the shares to be repurchased \times (1 + 8% \times natural days from the date when Liling Partnership pays the investment amount to the date when the repurchase price is fully paid/365) – the cumulative dividends and bonuses that Liling Partnership has taken.

Use of Capital Contribution

The capital contribution made by Liling Partnership shall not exceed the scope of use as listed below:

No.	Use	Amount <i>(RMB'000)</i>
1	Research and Development	4,000
2	Platform construction	20,000
3	Replenish cash liquidity	16,000
	Total	40,000

Pursuant to the Capital Increase Agreement, without the prior consent of Liling Partnership, Zhongmo International and Management Shareholders shall not change the use of the capital contribution made by Liling Partnership.

REASONS FOR AND BENEFITS OF THE PROPOSED CAPITAL INCREASE

Zhongmo International is positioned as a national resource bank in the construction formwork industry. It establishes its standards through its own operations and uses platforms and services to aggregate upstream and downstream customers. The business of Zhongmo International now covers more than 50 cities in 19 provinces, serves more than 800 properties, and manages the assets of the mold frame in excess of RMB600 million.

Zhongmo International actively strived for the policy support from the government. After several rounds of communication with Liling Government, Zhongmo International and the Liling Government have preliminarily reached a number of cooperation intentions. The Capital Increase Agreement marks the start of the cooperation between Zhongmo International and Liling Government, and there will be further coordinated development in business after the Capital Increase.

Prior to completion of the Capital Increase, Beijing HC Technology holds 36.80% of the equity interest in Zhongmo International and Kashan Tongyuan is acting in concert with Beijing HC Technology and controlled its board of directors by nominating three out of five directors of the board of directors of Zhongmo International. Therefore, Zhongmo International is a subsidiary of the Group and the financial results of Zhongmo International has been consolidated into the Group.

The investment valuation of the Capital Increase is RMB1 billion before the investment, which has little impact on the dilution of Beijing HC Technology's equity. Beijing HC Technology's shareholding after the Capital Increase is approximately 35.38% (assuming a full conversion of convertible bonds by Liling Partnership). However, after the Capital Increase, the Management Shareholders shall become the largest shareholders (as ultimate beneficial owners) of Zhongmo International and shall be in control of more than half of the directors of Zhongmo International. Thus, Beijing HC Technology will no longer control the board of directors of Zhongmo International and Zhongmo International will no longer be a subsidiary of the Company and will be accounted for and consolidated in the Group's financial results as an associate using equity method. Nevertheless, Zhongmo International contributes no more than approximately 3% of the Group's revenue. Assuming that the net profit of Zhongmo International is RMB80,000,000 in 2020, the amount of profits contributed to the Group after Capital Increase shall reduce approximately RMB1,136,000.

In view of business development, capital needs and future listing goals, Zhongmo International may require further financing, and it is necessary and essential to introduce more strategic investors, including the government into Zhongmo International. The transfer of control from the Group to the management team is necessary and appropriate in improving the structure and resources for Zhongmo International.

Taking into account of Beijing HC Technology's current shareholding in Zhongmo International, the sustainable development of Zhongmo International and the demands from Liling Partnership (including requiring the management team to take control of the board of directors of Zhongmo International and the aim of becoming listed), Beijing HC Technology will relinquish control in Zhongmo International. Even though upon the completion of Capital Increase, Beijing HC Technology will no longer be in control of Zhongmo International's operations, and according to the Capital Increase Agreement, the Group shall bear the concurrent liability of share redemption and repayment of loan, the Group continues to hold more than 35% of the shares of Zhongmo International, continues to nominate two out of five directors of the board of directors of Zhongmo International and continues to exercise significant influence to Zhongmo International. At the same time, Liling Partnership shall bring support to the future development of Zhongmo International, especially its assistance in Zhongmo International's business, and will attract other strategic investors to provide further financing to Zhongmo International. The development of Zhongmo International will bring greater financial returns to the Group in the future. As a whole, the amount for share redemption and loan repayment is certain, and in any event, no greater than RMB56 million

(including the principal amount of RMB40 million and the interests of RMB16 million). The simple interests of 8% per annum for the convertible bonds is also consistent with the market standards. The risks for the Group is therefore predictable and manageable. In view of the future development and opportunities, the risks borne by the Group is reasonable, fair and worthy. The Capital Increase Agreement is conducted on general commercial terms and the terms are fair and reasonable, which is in line with the overall interests of the Group and the shareholders.

VIEW OF DIRECTORS

The Directors (including the independent non-executive Directors) consider that the Capital Increase Agreement and the transactions contemplated thereunder were entered into on normal commercial terms in the ordinary and usual course of business of the Company after arm's length negotiation, and that the terms of the Capital Increase Agreement and the transactions contemplated thereunder are fair and reasonable and in the interests of the Company and the Shareholders as a whole.

As no Director has a material interest in the Capital Increase Agreement, none of the Directors has abstained from voting on the relevant board resolution approving the Capital Increase Agreement.

DEEMED DISPOSAL OF EQUITY INTEREST IN ZHONGMO INTERNATIONAL

Immediately prior to the date of the Capital Increase Agreement, the equity interest held by the Group in Zhongmo International is 36.80%, however, pursuant to the Acting in Concert Agreement, Kashen Tongyuan is acting in concert with Beijing HC Technology and thus the financial results of Zhongmo International has been consolidated with the Group's financial results and is a subsidiary of the Company.

Upon completion of the Capital Increase, the Acting in Concert Agreement will be terminated and Zhongmo International will no longer be a subsidiary of the Company and will be accounted for and consolidated in the Group's financial results as an associate using equity method. The transaction contemplated under the Capital Increase Agreement therefore constitutes a deemed disposal of Zhongmo International under the Listing Rules.

INFORMATION OF THE GROUP

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 organizational structure, with its business composed of three segments, namely the business groups of technology-driven new retail, smart industries, and platform and corporate services.

INFORMATION OF ZHONGMO INTERNATIONAL

The principal activities of Zhongmo International's covers areas including intellectual attached lifting scaffolding, aluminum alloy formwork system, glass fiber formwork system, building intelligent equipment, etc. Zhongmo International also provides design, installation, maintenance and renovation, supply chain finance as well as sublease and rental business in relation to materials.

FINANCIAL INFORMATION OF ZHONGMO INTERNATIONAL

Based on its unaudited consolidated financial results prepared in accordance with the PRC accounting standards, the profit before and after taxation for the years ended 31 December 2017 and 2018 of Zhongmo International are set out below:

	For the year ended	
	31 December	
	2017	2018
	RMB'000	RMB'000
Profit/(loss) before tax	(349.993)	29,500
Profit/(loss) after tax	(349.993)	22,125

Based on its unaudited consolidated financial results prepared in accordance with the PRC accounting standards, the net asset value attributable to the Group as of 31 December 2018 of Zhongmo International was approximately RMB43,064,000. The unaudited net asset value attributable to the Group as of 30 June 2019 of Zhongmo International was approximately RMB51,449,000. As the Acting in Concert Agreement will be terminated upon completion of the Capital Increase, Zhongmo International will no longer be a subsidiary of the Company and will be accounted for and consolidated in the Group's financial results as an associate using equity method. It is expected that the transaction contemplated under the Capital Increase Agreement would not have significant impact on the Group's consolidated financial results.

INFORMATION OF THE INITIAL SHAREHOLDERS

Beijing HC Technology is an indirect wholly owned subsidiary of the Company and is principally engaged in innovative technology development, software development and providing business consultation services.

Kashen Tongyuan is principally engaged in software development, providing business and corporate governance consultation service, and based on publicly available information, its ultimate beneficial owners are Han Zhiyong* (韓志勇) and Xiao Yifung* (肖異峰), both are Management Shareholders.

Zhuhai Zhongmo is principally engaged in providing social economic information consulting services, and based on publicly available information, its ultimate beneficial owners are Wei Feng* (魏鋒) and Xiao Yifung* (肖異峰), both are Management Shareholders.

Tianjin Yanglinyuan is principally engaged in providing business management consulting services and organising cultural and arts exchange activities, and based on publicly available information, its ultimate beneficial owners are Wu Lei* (吳磊) and Zhao Hong* (趙紅). The executive partner is Fu Shuyan* (付淑艷).

Beijing Qiyuan is a is principally engaged in asset management and providing investment consultation services, and based on publicly available information, its ultimate beneficial owner is Beijing Qiyuan Chuangtou Investment Management Partnership Company (Limited Partnership)* (北京起源創投投資管理合夥企業(有限合夥)), which is indirectly controlled by Yang Lin* (楊林), and its executive partner is Beijing Qiyuan Shipping Investment Management Co., Ltd.* (北京起源遠航投資管理有限公司), which is indirectly controlled by Ran Lizhi* (冉立之).

INFORMATION OF LILING PARTNERSHIP

Liling Partnership is principally engaged in investment of start-up businesses, investment management of start-up businesses and other activities relating to investment of start-up businesses, and based on publicly available information, its ultimate beneficial owner is Liling Municipal Financial Bureau (醴陵市財政局), a PRC government bureau. The executive partner is Shenzhen Qianhai Zhongwei Capital Management Co., Ltd.* (深圳前海眾微資本管理有限公司), which, based on publicly available information, is indirectly controlled by Zheng Mianjuan* (鄭綿娟).

LISTING RULES IMPLICATION

As one or more of the applicable percentage ratios in respect of the transaction contemplated under the Capital Increase Agreement calculated in accordance with the Rule 14.07 of the Listing Rules are more than 5% but less than 25%, the transaction constitutes a disclosable transaction of the Company under the Listing Rules and is subject to the reporting and announcement requirements.

DEFINITIONS

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

“Beijing HC Technology”	Beijing Huicong Zaichuang Technology Co., Ltd* (北京慧聰再創科技有限公司), a limited liability company established in the PRC and an indirect wholly-owned subsidiary of the Company
“Beijing Qiyuan”	Beijing Qiyuan Sifa Investment Management Partnership (limited partnership)* (北京起源肆發投資管理合夥企業(有限合夥)), a limited partnership established in the PRC
“Board”	the board of directors of the Company
“Capital Increase”	the contribution of RMB40,000,000 by Liling Partnership to Zhongmo International pursuant to the Capital Increase Agreement
“Capital Increase Agreement”	the conditional capital increase agreement dated 24 December 2019 entered into between Beijing HC Technology, Kashen Tongyuan, Zhongmo International, Tianjin Yanglinyuan, Beijing Qiyuan and Liling Partnership
“Completion”	completion of the Capital Increase Agreement
“connected person(s)”	has the meaning ascribed to it under the Listing Rules

“Consideration Conditions”	the Consideration payment conditions of the Capital Increase Agreement as set out under the paragraph headed “Consideration Conditions” in this announcement
“Director(s)”	the directors of the Company
“First Stage Capital Contribution”	the contribution of RMB20,000,000 as capital increase by Liling Partnership to Zhongmo International pursuant to the Capital Increase Agreement
“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
“Independent Third Party(ies)”	parties independent of and not connected with the Company and its connected persons
“Initial Shareholders”	Beijing HC Technology, Kashen Tongyuan, Zhuhai Zhongmo, Tianjin Yanglinyuan and Beijing Qiyuan
“Kashen Tongyuan”	Kashen Tongyuan Information Technology Limited Partnership* (喀什同源信息技術有限合夥企業), a limited partnership established in the PRC
“Liling”	a county-level city in Human Province in the PRC managed by Zhuzhou City
“Liling Government”	the government of Liling
“Liling Partnership”	Liling Shi Lujiang Zhongweichuang Xin Chuangye Investment Fund Partnership Company (Limited Partnership)* (醴陵市淥江眾微創新創業投資基金合夥企業(有限合夥)), a limited partnership established in the PRC
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“Management Shareholders”	Han Zhiyong* (韓志勇), Xiao Yifeng* (肖異峰) and Wei Feng* (魏鋒)
“Maturity Date”	31 December 2024
“Parties”	the Initial Shareholders and Liling Partnership

“Performance Targets”	the performance targets undertaken by the Initial Shareholders pursuant to the terms of the Capital Increase Agreement
“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
“related party(ies)”	a person or entity who has control, joint control, or significant influence over the relevant entity, or the other person or entity who is controlled, jointly controlled, or significantly influenced by the same person or entity
“RMB”	Renminbi, the lawful currency of the PRC
“Share(s)”	the share(s) of the Company
“Shareholder(s)”	the shareholders of the Company
“Acting in Concert Agreement”	the acting in concert agreement dated 10 April 2019 entered into between Beijing HC Technology and Kashen Tongyuan
“Tianjin Yanglinyuan”	Tianjin Yanglinyuan Management Consulting Partnership (limited partnership)* (天津陽林源管理諮詢合夥企業(有限合夥)), a limited partnership established in the PRC
“Total Capital Contribution”	the contribution of RMB40,000,000 by Liling Partnership to Zhongmo International pursuant to the Capital Increase Agreement
“Valuation”	the pre-investment valuation of Zhongmo International pursuant to the terms of the Capital Increase Agreement
“Zhongmo Group”	Zhongmo International and its subsidiary entities consolidated into its financial statement
“Zhongmo International”	Zhongmoyun (Hunan) Construction Science and Technology Co., Ltd.* (湖南中模雲建建築科技有限公司) (formerly known as Zhongmoyun (Tianjin) Construction Science and Technology Co., Ltd), a company established in the PRC with limited liability and is a subsidiary of the Company as at this announcement

“Zhuhai Zhongmo”

Zhuhai Zhongmo Tongyuan Consulting Service Co. (limited partnership)* (珠海中模同源諮詢服務企業(有限合夥)), a limited partnership established in the PRC

“%”

per cent.

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

* For identification purpose only

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

Hong Kong, 24 December 2019

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. Li Jianguang (*Non-executive Director*)

Mr. Sun Yang (*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*)