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HC GROUP INC.
慧聰集團有限公司

(incorporated in the Cayman Islands with limited liability)

(Stock Code: 02280)

PROFIT WARNING

This announcement is made by HC Group Inc. (the "**Company**" and together with its subsidiaries, the "**Group**") pursuant to Part XIVA of the Securities and Futures Ordinance and Rule 13.09 of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited.

The board (the "**Board**") of directors (the "**Directors**") of the Company wishes to inform the shareholders of the Company and potential investors that based on a preliminary assessment of the unaudited consolidated management accounts of the Group and information currently available, it is expected that the Company will record a revenue of more than RMB14,500,000,000 for the year ended 31 December 2019, representing an increase of 35% as compared to the corresponding period in 2018; and a loss attributable to equity holders of the Company in a range from approximately RMB350,000,000 to RMB400,000,000 for the year ended 31 December 2019 while a profit attributable to equity holders of the Company of approximately RMB275,610,000 was recorded for the corresponding period in 2018.

Based on information currently available, the Board is of the view that the loss attributable to equity holders of the Company is mainly due to, among other things: (i) amid the overall macroeconomic situation, some customers of the Group were prudent in market commitment, resulting in a decrease in the Group's revenue with high gross profit compared to the corresponding period last year; (ii) provisions for goodwill impairment proposed to be made by the Group in view that the performance of some of its business units could not attain the expected results (including not limited to the failure of 北京慧嘉元天文化傳媒有限公司 (Beijing Huijiayuantian Cultural Media Company Limited*) to achieve the performance target for the year 2019; and (iii) the Group further contributing its resources to continue promoting the strategic iteration of industrial internet and the construction of transaction scenarios. The increase in the Company's revenue was mainly attributable to the substantial increase in the revenue from transaction services which was benefitted from the ecological layout of the Group's industrial internet.

* *For identification purpose only*

As the Company is still in the process of preparing the financial results for the year ended 31 December 2019, the information contained in this announcement is only based on a preliminary assessment of the unaudited management accounts of the Group and information currently available. It is not based on any data or information being audited or reviewed by the auditors or audit committee of the Company.

Further information and other details of the Group's financial results for the year ended 31 December 2019 will be disclosed in the forthcoming annual results announcement of the Company, which is expected to be published in late March 2020.

Shareholders of the Company and potential investors should exercise caution when dealing in the securities of the Company.

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

Hong Kong, 8 March 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. 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)*