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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 TO A NON-WHOLLY OWNED SUBSIDIARY**

On 29 June 2022, 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 Chongqing Micro-Credit an unsecured loan in the principal amount up to RMB25,000,000, bearing interest at a rate of 8% per annum for a period of one year commencing from the drawdown date.

### **LISTING RULES IMPLICATIONS**

Chongqing Micro-Credit is indirectly owned as to 30% by Digital China. As at the date of this announcement, Digital China and its associates hold 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) in respect of the Loan Agreement 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 29 June 2022, 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 Chongqing Micro-Credit an unsecured loan in the principal amount up to RMB25,000,000, bearing interest at a rate of 8% per annum for a period of one year commencing from the drawdown date.

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

Date:	29 June 2022
Lender:	Beijing Huicong, a wholly-owned subsidiary of the Company
Borrower:	Chongqing Micro-Credit, a non-wholly owned subsidiary of the Company and a connected subsidiary
Principal amount:	Up to RMB25,000,000, to be drawn down by the Borrower in tranches
Drawdown period:	One year commencing from the date of the Loan Agreement
Term:	One 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:	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.

During the term of the Loan, the Borrower may make early repayment of the Loan or any part thereof provided that the Borrower shall notify the Lender ten days in advance. Interests accrued based on the actual number of days shall be repaid together with the principal amount by the Borrower in such case of early repayment.

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 as to 30% by Digital China (through its wholly-owned subsidiary), a company listed on the main board of the Stock Exchange (stock code: 00861). Based on information available to the Company, Digital China is principally engaged in the provision of information technology, supply chain, internet based integrated information technology platform construction and operation and institutional financial services.

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 principal amount and the interest rate) were arrived at by the parties 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, and (iii) the prevailing market interest rate in the PRC. In light of the above, and the expected interest income to be generated by the provision of the Loan, while the provision of the Loan is an one-off transaction of the Group and is not part of its ordinary and usual course of business, 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 (a non-wholly-owned subsidiary of the Company) is indirectly owned as to 30% by Digital China. As at the date of this announcement, Digital China and its associates hold 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) in respect of the Loan Agreement 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.

To the best of the Directors' knowledge, information and belief, none of the Directors have a material interest in the transactions contemplated under the Loan Agreement and none of them are required to abstain, 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:

“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 as at the date of this announcement, it 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 of the People's Republic of China
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“Loan”	a loan with a principal amount of up to RMB25,000,000 granted by the Lender to the Borrower pursuant to the Loan Agreement

“Loan Agreement”	the loan agreement dated 29 June 2022 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, 29 June 2022

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*