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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)

**COMPLETION OF PLACING OF NEW SHARES
UNDER GENERAL MANDATE**

AND

**ADJUSTMENT TO THE CONVERSION PRICE
OF THE CONVERTIBLE BONDS**

Placing Agent



昊天國際證券有限公司

Hao Tian International Securities Limited

Hao Tian International Securities Limited

Reference is made to the announcement of HC Group Inc. (the “**Company**”) dated 29 April 2020 (the “**Announcement**”) in relation to, among other matters, placing of new shares under the General Mandate. Capitalised terms used in this announcement shall have the same meanings as those defined in the Announcement unless otherwise stated.

COMPLETION OF THE PLACING

The Board is pleased to announce that the condition of the Placing has been fulfilled and the completion of the Placing took place on 20 May 2020. An aggregate of 200,000,000 Placing Shares have been successfully placed by the Placing Agent to two Placees, namely Ideal South Limited and Fortune Value Investment Holdings Limited, at the Placing Price of HK\$1.20 per Placing Share.

To the best of the Directors' knowledge, information and belief having made all reasonable enquiries, the Placees and their respective ultimate beneficial owners are third party independent of and not connected with the Company and its connected persons (“**Independent Third Party**”). None of the Placees have become a substantial shareholder of the Company immediately upon the completion of the Placing.

The net proceeds from the Placing, after deduction of the commission for the Placing and other related expenses, amount to approximately HK\$238,500,000 which is intended to be used (i) 80% for repayment of part of the current debt of the Group and (ii) as to 20% for the Group's research and development and general working capital.

EFFECTS ON SHAREHOLDING STRUCTURE OF THE COMPANY

The existing shareholding structure of the Company and the effect on the shareholding structure of the Company upon completion of the Placing is set out as below:

Shareholders	Immediately before completion of the Placing		Immediately after completion of the Placing	
	Number of Shares	Approximate % of shareholding	Number of Shares	Approximate % of shareholding
<i>Substantial Shareholder</i>				
Digital China Holdings Limited and its associates (<i>Note 1</i>)	253,671,964	22.63	253,671,964	19.21
<i>Directors and their associate(s)</i>				
Liu Jun	50,220,000	4.48	50,220,000	3.80
Zhang Yonghong	100,000	0.01	100,000	0.01
Liu Xiaodong (<i>Note 2</i>)	62,273,794	5.56	62,273,794	4.71
Guo Fansheng (<i>Note 3</i>)	57,749,015	5.15	57,749,015	4.37
Li Jianguang (<i>Note 4</i>)	32,000,384	2.86	32,000,384	2.42
<i>Placees</i>				
– Ideal South Limited (<i>Note 5</i>)	–	–	80,000,000	6.06
– Fortune Value Investment Holdings Limited (<i>Note 6</i>)	–	–	120,000,000	9.09
<i>Others</i>				
Public shareholders	664,825,053	59.31	664,825,053	50.33
Total:	1,120,840,210	100%	1,320,840,210	100%

Notes:

1. Holding through Talent Gain Developments Limited and Unique Golden Limited. Unique Golden Limited is wholly and beneficially owned by Talent Gain Developments Limited, which in turn is wholly and beneficially owned by Digital China (BVI) Limited and indirectly wholly and beneficially owned by Digital China Holdings Limited.

2. Such interests in the Company is held by Wisdom Limited (a company wholly and beneficially owned by Mr. Liu Xiaodong).
3. Such interest in the Company comprises: (a) 35,000,000 Shares held by Mr. Guo Fansheng; and (b) 22,749,015 Shares held by a trustee of a trust of which Mr. Guo Fansheng is a beneficiary.
4. Such interest in the Company is held by Venture Profits Holdings Limited, the entire share capital of which is held by Malvern PTC Limited, a trustee of a trust of which Mr. Li Jianguang is a founder of a discretionary trust.
5. Ideal South Limited is wholly and beneficially owned by Mr. Wong Luen Hei, who is an Independent Third Party.
6. Fortune Value Investment Holdings Limited is wholly and beneficially owned by Mr. Zhu Lemin, who is an Independent Third Party.

ADJUSTMENT TO THE CONVERSION PRICE OF THE CONVERTIBLE BONDS

References are made to the announcements of the Company dated 16 November 2018, 4 December 2018 and 31 December 2019, in relation to the issue of Convertible Bonds.

As at the date of this announcement, the Company has outstanding Convertible Bonds in an aggregate principal amount of HK\$100,000,000 and convertible into 22,222,222 Conversion Shares at the Conversion Price of HK\$4.50 per Conversion Share.

Pursuant to the terms and conditions of the Convertible Bonds, as a result of the Placing, the conversion price of the Convertible Bonds and the maximum number of Shares issuable by the Company upon full conversion of the Convertible Bonds are adjusted with effect from 20 May 2020. Details of the adjustments are set out below:

Before completion of the Placing		After completion of the Placing	
Conversion price (HK\$)	Maximum number of Shares issuable by the Company upon full conversion of the Convertible Bonds	Conversion price (HK\$)	Maximum number of Shares issuable by the Company upon full conversion of the Convertible Bonds
4.50	22,222,222	approximately 4.445	22,499,122

Save for the above adjustments, all other terms and conditions of the Convertible Bonds shall remain unchanged.

By Order of the Board
HC GROUP INC.
Liu Jun
Chairman

Hong Kong, 20 May 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*)