HC GROUP INC.
慧聰集團有限公司
(incorporated in the Cayman Islands with limited liability)
(Stock Code: 02280)

COMPLETION OF ISSUE OF HK$350,000,000 2.85% PLUS HIBOR GUARANTEED AND SECURED NOTES AND HK$100,000,000 2.85% PLUS HIBOR GUARANTEED AND SECURED CONVERTIBLE BONDS

The Board is pleased to announce that the conditions precedent set out in the Investment Agreement have been fulfilled. Completion of the issue of the Notes and the Convertible Bonds has taken place and the Notes and Convertible Bonds were issued to the Investor on 3 December 2018.

Reference is made to the announcement of the Company dated 16 November (the "**Announcement**") in relation to the issuance of the Notes and the Convertible Bonds. Capitalised terms used herein shall have the same meanings as those defined in the Announcement unless otherwise stated.

The Board is pleased to announce that the conditions precedent set out in the Investment Agreement have been fulfilled. Completion of the issue of the Notes and the Convertible Bonds has taken place and the Notes and Convertible Bonds were issued to the Investor on 3 December 2018.

The approval for the listing of, and permission to deal in, the Conversion Shares upon conversion of the Convertible Bonds has been granted by the Listing Committee of the Stock Exchange.

Based on the initial conversion price of HK$6.00 per Conversion Share, upon conversion in full, the Convertible Bonds will be convertible into 16,666,667 Conversion Shares, representing approximately 1.49% of the existing issued share capital of the Company as at the date of this announcement and approximately 1.47% of the issued share capital of the Company as enlarged by the allotment and issue of the Conversion Shares.

The following table sets out the shareholding structure of the Company as at the date of this announcement and upon full conversion of the Convertible Bonds, assuming there is no further issue or repurchase of Shares and no conversion of any of the convertible securities of the Company:

	Shareholding as at the date of this announcement		**Shareholding immediately upon full conversion of the Convertible Bonds**	
	No. of Shares	%	*No. of Shares*	%
Directors and their associates				
Liu Jun	47,470,000	4.24%	47,470,000	4.17%
Liu Xiaodong *(Note 1)*	62,273,794	5.56%	62,273,794	5.48%
Guo Fansheng *(Note 2)*	57,749,015	5.15%	57,749,015	5.08%
Li Jianguang *(Note 3)*	32,000,384	2.86%	32,000,384	2.81%
Lee Wee Ong	25,350,672	2.26%	25,350,672	2.23%
Substantial Shareholders:				
Digital China Holdings Limited and its associates *(Note 4)*	253,671,964	22.64%	253,671,964	22.31%
Guo Jiang and his spouse	128,858,771	11.50%	128,858,771	11.33%
The Investor			16,666,667	1.47%
Public Shareholders	513,027,610	45.79%	513,027,610	45.12%
Total:	1,120,402,210	100.00%	1,137,068,877	100.00%

Notes:

1. Such interest in the Company is held by Wisdom Limited, a company wholly-owned by Mr. Liu Xiaodong.

2. 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.

3. Such interest in the Company is held by Callister Trading Limited, a company wholly-owned by Mr. Li Jianguang.

4. Such interest in the Company comprises: (a) 230,263,964 Shares held by Talent Gain Developments Limited and (b) 23,408,000 Shares held by Unique Golden Limited, respectively. 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, which ultimately is wholly and beneficially owned by Digital China Holdings Limited, a company whose shares are listed on the Stock Exchange (stock code: 00861).

By order of the Board
HC GROUP INC.
Liu Jun
Chairman and Chief Executive Officer

Hong Kong, 4 December 2018

As at the date of this announcement, the board of directors of the Company comprises:

Mr. Liu Jun (Executive Director, Chairman and Chief Executive Officer)
Mr. Lee Wee Ong (Executive Director and Chief Financial Officer)
Mr. Liu Xiaodong (Executive Director and Co-President)
Mr. Guo Fansheng (Non-executive Director)
Mr. Li Jianguang (Non-executive Director)
Mr. Wong Chi Keung (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)