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HENG TEN NETWORKS GROUP LIMITED

恒騰網絡集團有限公司

(a company incorporated in Bermuda with limited liability)

(Stock Code: 136)

(Stock Code of Warrants: 1493)

I. ONE-OFF CONNECTED TRANSACTION – SYSTEM DEVELOPMENT AND IMPLEMENTATION CONTRACT AND

II. CONTINUING CONNECTED TRANSACTION – NETWORK EQUIPMENT USAGE CONTRACT

On 24 October 2016, HengTen Network Services, a wholly-owned subsidiary of the Company, and Evergrande Internet Financial entered into the System Development and Implementation Contract and the Network Equipment Usage Contract.

Pursuant to the System Development and Implementation Contract, HengTen Network Services will provide Evergrande Internet Financial with product development, licensing and implementation services, after-sales services, and other services including various training in relation to financial product sale system, and Evergrande Internet Financial will pay HengTen Network Services fees for products and services.

Pursuant to the Network Equipment Usage Contract, HengTen Network Services will provide Evergrande Internet Financial with network equipment and will charge Evergrande Internet Financial usage fee for such equipment during the period from 15 October 2016 to 31 December 2016. In addition, Evergrande Internet Financial shall pay HengTen Network Services a one-off training fee and equipment maintenance fee.

Evergrande Internet Financial is a wholly-owned subsidiary of China Evergrande Group, the controlling shareholder of the Company, and therefore is a connected person of the Company. As such, under Chapter 14A of the Listing Rules, the transaction contemplated under the System Development and Implementation Contract constitutes a one-off connected transaction of the Company, and the transaction contemplated under the Network Equipment Usage Contract constitutes a continuing connected transaction of the Company.

I. ONE-OFF CONNECTED TRANSACTION – SYSTEM DEVELOPMENT AND IMPLEMENTATION CONTRACT

On 24 October 2016, HengTen Network Services, a wholly-owned subsidiary of the Company, and Evergrande Internet Financial entered into the System Development and Implementation Contract. Pursuant to the System Development and Implementation Contract, HengTen Network Services will provide Evergrande Internet Financial with product development, licensing and implementation services, after-sales services, and other services including various training in relation to financial product sale system, and Evergrande Internet Financial will pay HengTen Network Services fees for products and services. The major terms of the System Development and Implementation Contract are set out below:

System Development and Implementation Contract

Date	24 October 2016
Parties	HengTen Network Services; and Evergrande Internet Financial
Major terms	HengTen Network Services will provide Evergrande Internet Financial with product development, licensing and implementation services, after-sales services, and other services including various training in relation to financial product sale system, and will charge Evergrande Internet Financial product and service fees.

HengTen Network Services shall complete the development, delivery and inspection and acceptance of the related products within 60 days (in any event not later than 31 December 2016) of the date of the signing of the System Development and Implementation Contract.

During the implementation of the project, HengTen Network Services shall submit a written project progress report to Evergrande Internet Financial once every half-month, covering the progress or implementation of planned milestones of the project, completed software development projects, difficulties and obstacles encountered (if any), expected performance of the project, staffing, changes in the project(s) (if any), or other information.

Total consideration for the transaction

RMB3,000,000

The aforesaid consideration was determined based on the development cycle, development workload and the experience of technicians engaged in the development of system services under the System Development and Implementation Contract.

II. CONTINUING CONNECTED TRANSACTION – NETWORK EQUIPMENT USAGE CONTRACT

On 24 October 2016, HengTen Network Services, a wholly-owned subsidiary of the Company, and Evergrande Internet Financial entered into the Network Equipment Usage Contract which takes retrospective effect from 15 October 2016. Pursuant to the Network Equipment Usage Contract, HengTen Network Services will provide Evergrande Internet Financial with network equipment and will charge Evergrande Internet Financial usage fees for such equipment during the period from 15 October 2016 to 31 December 2016. In addition, Evergrande Internet Financial shall pay HengTen Network Services a one-off training fee and equipment maintenance fee. The major terms of the Network Equipment Usage Contract are set out below:

Network Equipment Usage Contract

Date

24 October 2016

Parties

HengTen Network Services; and Evergrande Internet Financial

Major terms

HengTen Network Services will provide Evergrande Internet Financial with server configuration, data backup system, NETAPP storage equipment and other network equipment (the “**Network Equipment**”) for use and will charge Evergrande Internet Financial usage fee of RMB690,000 per month (the “**Usage Fee**”). In addition, in order to ensure the overall adaptability and stability of the Network Equipment, HengTen Network Services will also provide one-off training and maintenance services at prevailing prices in line with industry practice and Evergrande Internet Financial shall pay HengTen Network Services a one-off training fee and equipment maintenance fee of RMB500,000 (the “**Training and Maintenance Fee**”).

Evergrande Internet Financial only has the right to use the Network Equipment and shall not sublet, sell or pledge the Network Equipment without the written consent of HengTen Network Services.

The Usage Fee and the Training and Maintenance Fee shall be payable by Evergrande Internet Financial to HengTen Network Services within 30 days of the date of the Network Equipment Usage Contract.

Pricing policy

The Usage Fee was mainly determined with reference to overall equipment performance and prevailing rental fee in the market.

The Training and Maintenance Fee was determined with reference to the prevailing prices in the market.

Term

15 October 2016 to 31 December 2016

Pursuant to the Network Equipment Usage Contract, the parties may renew the Network Equipment Usage Contract within 30 days before its expiry.

Proposed Annual Cap

The proposed annual cap for the Network Equipment Usage Contract, being the consideration payable by Evergrande Internet Financial to HengTen Network Services, for the year ending 31 December 2016, is set out below:

**For the year ending
31 December 2016
(RMB)**

Proposed annual cap (inclusive of tax) 2,225,000

HengTen Network Services has not provided any Network Equipment to Evergrande Internet Financial for use in the past. The proposed annual cap set out above is determined based on the following factors:

- (1) the Network Equipment provided by HengTen Network Services belongs to a complete set, which leads to a higher price-performance ratio;
- (2) the fair market price of similar products; and
- (3) the one-off Training and Maintenance Fee.

REASONS FOR AND BENEFITS OF THE TRANSACTIONS

System Development and Implementation Contract

The Company understands that Evergrande Internet Financial has a growing demand for a financial product sale systems with its business development. The Group has the technical capability to develop financial product sale systems and provide maintenance services, and can provide Evergrande Internet Financial with the relevant services. Through the provision of the aforesaid services to Evergrande Internet Financial, the Group will accumulate extensive experience in community financial services planning and research and development of core technologies for financial systems, and will also bring comparatively considerable revenue to the Group.

Network Equipment Usage Contract

In view of the current scale of the Company, the equipment currently owned by the Group not only can meet its own needs, but there will be extra equipment available for lease. The Network Equipment meets the requirements of Evergrande Internet Financial for safety and reliability, and the Network Equipment Usage Contract will bring stable revenue to the Group.

The Directors (including the independent non-executive Directors) believe that the Transactions are on normal commercial terms and in the ordinary and usual course of business of the Company, and the terms of the Transactions, including the annual cap for the continuing connected transaction, are fair and reasonable and in the interests of the Company and its shareholders as a whole.

As Mr. Huang Xiangui, an executive Director, and Mr. Chau Shing Yim, David, an independent non-executive Director, are also an executive director and an independent non-executive director of China Evergrande Group, the controlling shareholder of the Company and also the controlling shareholder of Evergrande Internet Financial, respectively, and China Evergrande Group may be deemed to have material interest in the Transactions, they have abstained from voting on the relevant resolutions of the Board to approve the Transactions.

To the best of the knowledge and belief of the Directors, none of the Directors other than Mr. Huang Xiangui and Mr. Chau Shing Yim, David has any material interest in the resolutions of the Board to approve the Transactions or is otherwise required to abstain from voting on the relevant resolutions of Board.

INFORMATION ON THE PARTIES

The Company

The Company is incorporated in Bermuda and engaged in investment holding. The Group is principally engaged in internet community services, investment and trading of securities, provision of finance, property investment and manufacture and sales of accessories for photographic and electrical products.

HengTen Network Services

Shenzhen HengTen Network Services Co., Ltd. (深圳市恒騰網絡服務有限公司), a company incorporated in the PRC and also a wholly-owned subsidiary of the Company, is principally engaged in technical development of computer software and hardware, technical consulting, technical transfer and technical services.

Evergrande Internet Financial

Evergrande Internet Financial Services (Shenzhen) Co., Ltd. (恒大互聯網金融服務(深圳)有限公司), a company incorporated in the PRC and a wholly-owned subsidiary of China Evergrande Group, the controlling shareholder of the Company, is mainly engaged in the provision of financial intermediary services, financial service information consulting, development of financial applications, software, business information consulting and financial information consulting through technical means such as via the Internet.

IMPLICATIONS UNDER THE LISTING RULES

Evergrande Internet Financial is a wholly-owned subsidiary of China Evergrande Group, the controlling shareholder of the Company, and therefore is a connected person of the Company. As such, under Chapter 14A of the Listing Rules, the transaction contemplated under the System Development and Implementation Contract constitutes a one-off connected transaction of the Company, and the transaction contemplated under the Network Equipment Usage Contract constitutes a continuing connected transaction of the Company.

As the applicable percentage ratios of the transaction contemplated under the System Development and Implementation Contract are all more than 0.1% but less than 5%, the transaction contemplated under the System Development and Implementation Contract is subject to announcement and disclosure requirements but is exempt from independent shareholders' approval requirement under the Listing Rules.

As the applicable percentage ratios of the transaction contemplated under the Network Equipment Usage Contract are all more than 0.1% but less than 5%, the transaction contemplated under the Network Equipment Usage Contract is subject to announcement, disclosure and annual review requirements but is exempt from independent shareholders' approval requirement under the Listing Rules.

DEFINITIONS

“Board”	the board of directors of the Company
“Company”	HengTen Networks Group Limited
“connected person”, “connected transaction”, “continuing connected transaction” and “controlling shareholder”	have the respective meanings ascribed to them under the Listing Rules
“Director(s)”	director(s) of the Company
“Group”	the Company and its subsidiaries
“System Development and Implementation Contract”	the development and implementation contract for financial product sale system dated 24 October 2016 entered into between HengTen Network Services and Evergrande Internet Financial
“HengTen Network Services”	Shenzhen HengTen Network Services Co., Ltd. (深圳 市恒騰網絡服務有限公司), a company incorporated in the PRC and also a wholly-owned subsidiary of the Company
“Evergrande Internet Financial”	Evergrande Internet Financial Services (Shenzhen) Co., Ltd. (恒大互聯網金融服務(深圳)有限公司), a company incorporated in the PRC and a wholly-owned subsidiary of China Evergrande Group, the controlling shareholder of the Company
“Hong Kong”	Hong Kong Special Administrative Region of the People’s Republic of China
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong
“Network Equipment”	server configuration, data backup system, NETAPP storage equipment and other network equipment

“Network Equipment Usage Contract”	the network equipment usage contract dated 24 October 2016 entered into between HengTen Network Services and Evergrande Internet Financial with retrospective effect from 15 October 2016
“Listing Rules”	the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited
“China” or “PRC”	the People’s Republic of China
“RMB”	Renminbi, the lawful currency of the PRC
“Share(s)”	ordinary share(s) of the Company
“Shareholder(s)”	the holder(s) of Share(s)
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Transactions”	the one-off connected transaction contemplated under the System Development and Implementation Contract and the continuing connected transaction contemplated under the Network Equipment Usage Contract

By Order of the Board
HengTen Networks Group Limited
Zhang Xiaohua
Chairlady

Hong Kong, 24 October 2016

As at the date of this announcement, the executive directors of the Company are Ms. Zhang Xiaohua, Mr. Liu Yongzhuo, Mr. Huang Xiangui and Mr. Zhuo Yueqiang; and the independent non-executive directors of the Company are Mr. Chau Shing Yim, David, Mr. Nie Zhixin, Mr. Chen Haiquan and Professor Shi Zhuomin.