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HENGTEN NETWORKS GROUP LIMITED

恒騰網絡集團有限公司

(a company incorporated in Bermuda with limited liability)

(Stock Code: 136)

CONTINUING CONNECTED TRANSACTION – EQUIPMENT USAGE CONTRACT

On 29 December 2017, HengTen Network Services, a wholly-owned subsidiary of the Company, and Evergrande Internet Financial entered into the Equipment Usage Contract.

Pursuant to the 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 1 January 2018 to 31 December 2020.

IMPLICATIONS UNDER THE LISTING RULES

Since Evergrande Internet Financial is a wholly-owned subsidiary of China Evergrande (the controlling shareholder of the Company), it is a connected person of the Company. Under Chapter 14A of the Listing Rules, the transaction contemplated under the Equipment Usage Contract between HengTen Network Services and Evergrande Internet Financial constitutes a continuing connected transaction of the Company.

As all of the applicable percentage ratios calculated from the proposed annual caps of the transaction contemplated under the Equipment Usage Contract are less than 25% and the amount of each proposed annual cap is less than HK\$10 million, the transaction contemplated under the Equipment Usage Contract is subject to the reporting and announcement requirements under Chapter 14A of the Listing Rules, but is exempt from the circular (including independent financial advice) and independent shareholders' approval requirements under Rule 14A.76(2)(b) of the Listing Rules.

CONTINUING CONNECTED TRANSACTION – EQUIPMENT USAGE CONTRACT

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Equipment Usage Contract

Date	29 December 2017
Parties	HengTen Network Services; and Evergrande Internet Financial
Major terms	<p>HengTen Network Services will provide Evergrande Internet Financial with server configuration, data backup system, NETAPP storage equipment and other network equipment (the “Equipment”) for use, and will charge Evergrande Internet Financial a total amount of RMB24,840,000 as usage fees for the three-year contract term.</p> <p>Evergrande Internet Financial only has the right to use the Equipment, and the ownership of the Equipment remains with HengTen Network Services. Evergrande Internet Financial shall not sublet, sell or pledge the Equipment without the written consent of HengTen Network Services.</p>

Pricing policy

The usage fee was mainly determined in accordance with the pricing and quotation inquiry procedures currently adopted by the Company, with reference to the overall performance of the Equipment and the prevailing network equipment rental price in the market. In particular, having taken into account Evergrande Internet Financial's specific needs and network service technology requirements, quotations provided by the Company to other clients in relation to the lease of comparable network equipment, as well as the volatility in rental price of comparable network equipment in the market, the Company negotiated with Evergrande Internet Financial to determine the usage fee on the basis of ensuring that the Company's interests are reasonably protected.

Contract Term

1 January 2018 to 31 December 2020

Pursuant to the Equipment Usage Contract, subject to compliance with the relevant provisions of the Listing Rules, the parties may renew the Equipment Usage Contract within 30 days before its expiry.

Proposed Annual Caps

The table below sets out the proposed annual caps for the Equipment Usage Contract (being the consideration payable by Evergrande Internet Financial to HengTen Network Services for each year during the contract term) for the three years ending 31 December 2020.

	For the year ending 31 December 2018	For the year ending 31 December 2019	For the year ending 31 December 2020
Proposed annual caps (inclusive of tax)	RMB8,280,000.00 (equivalent to approximately HK\$9,936,000.00)	RMB8,280,000.00 (equivalent to approximately HK\$9,936,000.00)	RMB8,280,000.00 (equivalent to approximately HK\$9,936,000.00)

The proposed annual caps set out above are determined based on the following factors:

- (1) the Equipment provided by HengTen Network Services is a full and complete set with a relatively high price-performance ratio; and
- (2) the fair market rental price of similar and comparable equipment.

REASONS FOR AND BENEFITS OF THE TRANSACTION

Based on the business development needs of the Company, the Group currently owns sufficient network equipment to meet its own needs and has extra equipment available for lease. Not only will the Equipment Usage Contract bring stable revenue to the Group, it will also provide Evergrande Internet Financial with Equipment that meets its requirements for safety and reliability.

The Directors (including the independent non-executive Directors of the Company) believe that the Transaction is on normal commercial terms and in the ordinary and usual course of business of the Company, and the terms of the Transaction, including the proposed annual caps 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 (the controlling shareholder of the Company and also the controlling shareholder of Evergrande Internet Financial) respectively, and considering that China Evergrande may be deemed to have material interests in the Transaction, both Directors had therefore abstained from voting on the relevant Board resolutions approving the Transaction.

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 Board resolutions approving the Transaction or is otherwise required to abstain from voting on the relevant Board resolutions.

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 (including internet home furnishing and internet material logistics businesses), investment and trading of securities, property investment, and manufacture and sales of accessories for photography equipment and electronic 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 a wholly-owned subsidiary of the Company, is principally engaged in technology development of computer software and hardware, technology consulting, technology transfer and technology 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 (the controlling shareholder of the Company) is mainly engaged in the provision of financial information intermediary services through the Internet and other means of technology.

IMPLICATIONS UNDER THE LISTING RULES

Since Evergrande Internet Financial is a wholly-owned subsidiary of China Evergrande (the controlling shareholder of the Company), it is a connected person of the Company. Under Chapter 14A of the Listing Rules, the transaction contemplated under the Equipment Usage Contract of HengTen Network Services and Evergrande Internet Financial constitutes a continuing connected transaction of the Company.

As all of the applicable percentage ratios calculated from the proposed annual caps of the transaction contemplated under the Equipment Usage Contract are less than 25% and the amount of the annual caps are less than HK\$10 million, the transaction contemplated under the Equipment Usage Contract is subject to the reporting and announcement requirements under Chapter 14A of the Listing Rules, but is exempt from the circular (including independent financial advice) and independent shareholders' approval requirements under Rule 14A.76(2)(b) of the Listing Rules.

DEFINITIONS

“Board”	the board of directors of the Company
“China Evergrande”	China Evergrande Group, a company incorporated in the Cayman Islands with limited liability and the controlling shareholder of the Company, the shares of which are listed on the Main Board of the Stock Exchange (stock code: 3333)
“China” or “PRC”	the People’s Republic of China, but excluding, for the purpose of this announcement, Hong Kong, Macau Special Administrative Region, and Taiwan
“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)”	the director(s) of the Company
“Equipment”	server configuration, data backup system, NETAPP storage equipment and other network equipment
“Equipment Usage Contract”	the equipment usage contract dated 29 December 2017 entered into between HengTen Network Services and Evergrande Internet Financial with effect from 1 January 2018
“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, the controlling shareholder of the Company
“Group”	the Company and its subsidiaries
“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 a wholly-owned subsidiary of the Company

“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong
“Hong Kong”	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 of Hong Kong Limited
“RMB”	Renminbi, the lawful currency of the PRC
“Share(s)”	the ordinary share(s) of the Company
“Shareholder(s)”	the holder(s) of Share(s)
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Transaction”	the continuing connected transaction contemplated under the Equipment Usage Contract

For the purpose of this announcement, unless otherwise indicated, the exchange rate of RMB1=HK\$1.20 has been used, where applicable, for the purpose of illustration only and does not constitute a representation that any amount have been, could have been or may be exchanged.

By Order of the Board
HengTen Networks Group Limited
Xu Wen
Chairman

Hong Kong, 29 December 2017

As at the date of this announcement, the executive Directors of the Company are Mr. Xu Wen, 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.