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HENG TEN NETWORKS GROUP LIMITED

恒騰網絡集團有限公司

(Incorporated in Bermuda with limited liability)

(Stock Code: 136)

(I) One-off Connected Transaction — Property Lease Agreement; and (II) Continuing Connected Transaction — Property Service Agreement

(I) ONE-OFF CONNECTED TRANSACTION

Property Lease Agreement

On 31 December 2020, Shenzhen Hengteng (as lessee), a wholly-owned subsidiary of the Company, entered into the Property Lease Agreement with Guangzhou Jiasui (as lessor) to lease the Property for office use.

In accordance with the HKFRSs, the lease payments under the Property Lease Agreement are capital in nature, so the Leased Property will be recognized as a right-of-use asset of the Group on 1 January 2021 for an amount of RMB14,693,000. The rental payments under the Property Lease Agreement is determined following arm's length negotiation between Shenzhen Hengteng and Guangzhou Jiasui taking into account the prevailing market rental for comparable properties in the vicinity of the Leased Property. The rental payments under the Property Lease Agreement is expected to be satisfied by the internal resources of the Group in its usual and ordinary course of business.

Implications Under The Listing Rules

In accordance with HKFRS 16, the Group is required to recognize the Leased Property as right-of-use assets. As a result, the entry into the Property Lease Agreement and the transactions contemplated thereunder will be regarded as acquisitions of assets by the Group pursuant to the Listing Rules.

As Guangzhou Jiasui is an indirect wholly-owned subsidiary of China Evergrande, Guangzhou Jiasui is a connected person of the Company pursuant to the Listing Rules. Therefore, the transactions contemplated under the Property Lease Agreement constitute a one-off connected transaction of the Company pursuant to Chapter 14A of the Listing Rules.

As the highest applicable percentage ratio in respect of the value of the right-of-use asset under the Property Lease Agreement exceeds 0.1% but is less than 5%, the transactions contemplated under the Property Lease Agreement are subject to the reporting and announcement requirements, but are exempted from the circular (including independent financial advice) and independent shareholders' approval requirements pursuant to Chapter 14A of the Listing Rules.

(II) CONTINUING CONNECTED TRANSACTION

Property Service Agreement

On 31 December 2020, Shenzhen Hengten, a wholly-owned subsidiary of the Company, and Jinbi Property entered into the Property Service Agreement, pursuant to which Jinbi Property agreed to provide management services to Shenzhen Hengten for a period of two years and seven months (i.e. from 1 January 2021 to 31 July 2023) in accordance with the terms of the Property Service Agreement. The management services provided by Jinbi Property include maintenance, repair, service and management of, among others, common parts, shared facilities and equipment, greening, environmental hygiene, public order, and transportation of the Property.

The property management service fees under the Property Service Agreement is determined in accordance with (1) the labor costs of Jinbi Property regarding maintenance, repair, service and management of, among others, common parts, shared facilities and equipment, greening, environmental hygiene, public order and transportation of the Property; (2) the costs of materials; (3) the management and administrative expense forecast; (4) the overall quality of services and overall market prices, as well as the current pricing inquiries conducted by the Company and pricing processes for the procurement of services. In particular, with reference to quotations provided by other property management service providers for similar types of services, and to the appropriate extent, in consideration of the price movement of similar types of services in the market, the Company shall agree on such service fees with Jinbi Property based on specific needs and required scope of services for each project of the Group, while safeguarding the reasonable interests of the Company and ensuring that the terms under the Property Service Agreement are no less favorable than those offered to the Group by independent third parties.

Proposed Annual Cap

The proposed annual cap for the transactions under the Property Service Agreement for each of the three financial years ending 31 December 2021, 2022 and 2023 is RMB3,000,000.

Implications Under The Listing Rules

As at the date of this announcement, China Evergrande is the controlling shareholder of the Company. Therefore, China Evergrande is a connected person of the Company pursuant to Chapter 14A of the Listing Rules. As Jinbi Property is an indirect wholly-owned subsidiary of Evergrande Property Services, the controlling shareholder of which is also China Evergrande, Jinbi Property is a connected person of the Company pursuant to the Listing Rules. Accordingly, the transactions contemplated under the Property Service Agreement constitute continuing connected transactions of the Company pursuant to Chapter 14A of the Listing Rules.

As the highest applicable percentage ratio in respect of the transactions contemplated under the Property Service Agreement calculated in accordance with the Listing Rules exceeds 0.1% but is less than 5%, the transactions contemplated under the Property Service Agreement are subject to the reporting and announcement requirements, but are exempted from the circular (including independent financial advice) and independent shareholders' approval requirements pursuant to Chapter 14A of the Listing Rules.

(I) ONE-OFF CONNECTED TRANSACTION — PROPERTY LEASE AGREEMENT

On 31 December 2020, Shenzhen Hengten (as lessee), a wholly-owned subsidiary of the Company, entered into the Property Lease Agreement with Guangzhou Jiasui (as lessor) to lease the Property for office use.

The principal terms of the Property Lease Agreement are as follows:

Property Lease Agreement

Date	:	31 December 2020.
Leased Property	:	The real estate located at Unit 2501, Guangzhou Evergrande Center, Huangpu Avenue West, Tianhe District, Guangzhou City, Guangdong Province, with gross floor area of 2,801.47 sq.m.
Term	:	1 January 2021 to 31 July 2023.
Usage	:	Office use, mainly for operating an office.
Rental and aggregate value of consideration payable	:	The monthly rental payable under the lease (inclusive of tax) is RMB547,842. Rental, property management fees and water and electricity fees, heating fees, air-conditioning usage fees, etc. will be calculated from the date of delivery of the Property to Shenzhen Hengten.

The property management fee calculated based on the gross floor area at a rate of RMB29/month/sq.m. shall be paid by Shenzhen Hengten to Guangzhou Jiasui.

In accordance with HKFRSs, the lease payments under the Property Lease Agreement are capital in nature, so the Leased Property will be recognized as a right-of-use asset of the Group on 1 January 2021 for an amount of RMB14,693,000. The rental payments under the Property Lease Agreement is determined following arm's length negotiation between Shenzhen Hengten and Guangzhou Jiasui taking into account the prevailing market rental for comparable properties in the vicinity of the Leased Property. The rental payments under the Property Lease Agreement is expected to be satisfied by the internal resources of the Group in its usual and ordinary course of business.

- Delivery : The Leased Property shall be delivered by Guangzhou Jiasui to Shenzhen Hengten for its use before 1 January 2021.
- Payment term : On the date of signing of the Property Lease Agreement, Shenzhen Hengten shall make the first rental payment in the amount of RMB1,643,526 for 1 January 2021 to 31 March 2021 to Guangzhou Jiasui. The remaining rental payments shall be paid for every three months (i.e. a rental period). Shenzhen Hengten shall make a rental payment in advance before the 28th day of the last month of each rental payment period.
- Termination : In the event that the Property Lease Agreement is terminated for any reason, Shenzhen Hengten shall settle all fees and payments due on the termination date of the Property Lease Agreement, and vacate the Property within 2 days from the date of termination (hereinafter referred to as the “**Return Period**”).

Guangzhou Jiasui shall not charge any occupation fee during the Return Period in the event of early termination of contract due to expiry of lease, breach of contract by Guangzhou Jiasui or force majeure. Shenzhen Hengten shall pay an occupation fee to Guangzhou Jiasui during the Return Period in the event of early termination of contract due to breach of contract by Shenzhen Hengten in accordance with the daily rental rate at the time of termination of contract and the actual number of days of occupation.

Renewal : Shenzhen Hengten shall notify Guangzhou Jiasui in writing three months prior to the expiration of the initial lease term to renew the lease. If Guangzhou Jiasui does not receive a lease renewal notice in writing from Shenzhen Hengten prior to the aforesaid period, it shall be deemed that Shenzhen Hengten has waived the right to renew the lease and the pre-emptive right to lease, and the Property Lease Agreement shall terminate on the expiry date of the initial lease term. If Guangzhou Jiasui receives the renewal notice prior to the above period, the parties shall negotiate the renewal conditions. If the parties fail to reach an agreement on the renewal conditions, the Property Lease Agreement shall terminate on the expiry date of the initial lease term. If the parties reach an agreement on the renewal conditions, the lease term upon the renewal shall commence from the date following expiry of the initial lease terms.

REASONS FOR AND BENEFITS OF THE PROPERTY LEASE AGREEMENT

The Company seeks to identify a suitable office environment from time to time to accommodate the business scale development the Group. The Leased Property, located at Guangzhou Evergrande Center on Huangpu Avenue West, Tianhe District, Guangzhou City is situated in a prosperous area in the city with convenient transportation network. Entering into the Property Lease Agreement can ensure that the Group operates its office under the brand “HengTen Networks” in a suitable prime location. Accordingly, after considering the above factors and the basis for determining the lease payment under the Property Lease Agreement, the Directors (including the independent non-executive Directors) believe that the Lease Transaction on normal commercial terms and in the ordinary and usual course of business of the Company and the terms of the Lease 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) respectively, and considering that China Evergrande may be deemed to have material interests in the Lease Transaction, both Directors had therefore abstained from voting on the relevant Board resolutions approving the Lease Transaction.

INFORMATION ON THE COMPANY, SHENZHEN HENGTEN AND GUANGZHOU JIASUI

The Company

The Company is an investment holding company. The Group is principally engaged in internet community services and related businesses, manufacturing and sales of accessories for photography equipment and electronic products, as well as investment and trading of securities.

Shenzhen Hengten

Shenzhen HengTen Networks 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.

Guangzhou Jiasui

Guangzhou Jiasui Property Co., Ltd.* (廣州市佳穗置業有限公司) is a company incorporated in the PRC and an indirect wholly-owned subsidiary of China Evergrande. Guangzhou Jiasui is principally engaged in real estate development.

IMPLICATIONS UNDER THE LISTING RULES

In accordance with HKFRS 16, the Group is required to recognize the Leased Property as right-of-use assets. As a result, the entry into the Property Lease Agreement and the transactions contemplated thereunder will be regarded as acquisitions of assets by the Group pursuant to the Listing Rules.

As Guangzhou Jiasui is an indirect wholly-owned subsidiary of China Evergrande, Guangzhou Jiasui is a connected person of the Company pursuant to the Listing Rules. Therefore, the transactions contemplated under the Property Lease Agreement constitute a one-off connected transaction of the Company pursuant to Chapter 14A of the Listing Rules.

As the highest applicable percentage ratio in respect of the value of the right-of-use asset under the Property Lease Agreement exceeds 0.1% but is less than 5%, the transactions contemplated under the Property Lease Agreement are subject to the reporting and announcement requirements, but are exempted from the circular (including independent financial advice) and independent shareholders' approval requirements pursuant to Chapter 14A of the Listing Rules.

(II) CONTINUING CONNECTED TRANSACTION — PROPERTY SERVICE AGREEMENT

On 31 December 2020, Shenzhen Hengten, a wholly-owned subsidiary of the Company, and Jinbi Property entered into the Property Service Agreement, pursuant to which Jinbi Property agreed to provide management services to Shenzhen Hengten for a period of two years and seven months (i.e. from 1 January 2021 to 31 July 2023) in accordance with the terms of the Property Service Agreement.

Property Service Agreement

The principal terms of the Property Service Agreement are set out below:

Date : 31 December 2020

Parties : (a) Jinbi Property (as service provider); and

(b) Shenzhen Hengten (as service recipient)

Jinbi Property is an indirect wholly-owned subsidiary of Evergrande Property Services, the controlling shareholder of which is China Evergrande, the controlling shareholder of the Company. Therefore, Jinbi Property is a connected person of the Company under the Listing Rules.

Term	:	1 January 2021 to 31 July 2023
Commercial property	:	The real estate located at Unit 2501, Guangzhou Evergrande Center, Huangpu Avenue West, Tianhe District, Guangzhou City, Guangdong Province, with gross floor area of 2,801.47 sq.m..
Purpose	:	Office use, mainly for operating an office.
Principal term	:	Pursuant to the Property Service Agreement, Jinbi Property agreed to provide management services for the Property to Shenzhen Hengten in accordance with the terms of the Property Service Agreement.
Scope of service	:	The management services provided by Jinbi Property include maintenance, repair, service and management of, among others, common parts, shared facilities and equipment, greening, environmental hygiene, public order, and transportation of the Property.
Property management service fee	:	Pursuant to the Property Service Agreement, the total property management service fees payable by Shenzhen Hengten shall amount to RMB2,518,521. In any event, the total amount of the property management service fees, together with corresponding miscellaneous expenses including water and electricity fees, garbage clearance fees and maintenance fees payable by Shenzhen Hengten to Jinbi Property shall not exceed RMB3,000,000.

Pricing basis : The property management service fees under the Property Service Agreement is determined in accordance with (1) the labor costs of Jinbi Property regarding maintenance, repair, service and management of, among others, common parts, shared facilities and equipment, greening, environmental hygiene, public order and transportation of the Property; (2) the costs of materials; (3) the management and administrative expense forecast; (4) the overall quality of services and overall market prices, as well as the current pricing inquiries conducted by the Company and pricing processes for the procurement of services. In particular, with reference to quotations provided by other property management service providers for similar types of services, and to the appropriate extent, in consideration of the price movement of similar types of services in the market, the Company shall agree on such service fees with Jinbi Property based on specific needs and required scope of services for each project of the Group, while safeguarding the reasonable interests of the Company and ensuring that the terms under the Property Service Agreement are no less favorable than those offered to the Group by independent third parties.

Proposed Annual Cap

The proposed annual cap for the transactions under the Property Service Agreement for each of the three financial years ending 31 December 2021, 2022 and 2023 is RMB3,000,000.

Basis of Determining the Proposed Annual Cap

The proposed annual cap set out above has been determined based on the following factors:

- (1) the pricing basis of property management service fees under the Property Service Agreement as set out in the section headed “Pricing Basis” of this announcement;
- (2) the overall market prices for property management services of the same grade; and
- (3) the qualification, experience, scope of service and pricing procedures in property management services of Evergrande Property Services.

Reasons for and Benefits of Entering into the Property Service Agreement

Shenzhen Hengten chose to enter into the Property Service Agreement with Jinbi Property as Jinbi Property had the requisite expertise in property management as a leading property management company in the PRC. The Company is confident that Jinbi Property can consistently provide quality services in the long term at a fair market price. Against this backdrop, the Company can establish a desirable office environment, thereby providing solid support for the business development of the Group. After considering the above factors and the basis of determining the property management

service fees under the Property Service Agreement, the Directors (including the independent non-executive Directors) believe that the Property Management Transactions are on normal commercial terms and are entered into in the ordinary and usual course of business of the Company, and the terms of the Property Management Transactions 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 Property Services) respectively, and considering that China Evergrande may be deemed to have material interests in the Property Management Transactions, both Directors had therefore abstained from voting on the relevant Board resolutions approving the Property Management Transactions.

INFORMATION ON JINBI PROPERTY

Jinbi Property

Jinbi Property Co., Ltd.* (金碧物業有限公司) (formerly known as Guangzhou Jinbi Property Co., Ltd.* (廣州市金碧物業有限公司) and Guangzhou Jinbi Property Group Co., Ltd.* (廣州市金碧物業集團有限公司) is a company incorporated in the PRC and an indirect wholly-owned subsidiary of Evergrande Property Services.

IMPLICATIONS UNDER THE LISTING RULES

As at the date of this announcement, China Evergrande is the controlling shareholder of the Company. Therefore, China Evergrande is a connected person of the Company pursuant to Chapter 14A of the Listing Rules. As Jinbi Property is an indirect wholly-owned subsidiary of Evergrande Property Services, the controlling shareholder of which is also China Evergrande, Jinbi Property is a connected person of the Company pursuant to the Listing Rules. Accordingly, the transactions contemplated under the Property Service Agreement constitute continuing connected transactions of the Company pursuant to Chapter 14A of the Listing Rules.

As the highest applicable percentage ratio in respect of the transactions contemplated under the Property Service Agreement calculated in accordance with the Listing Rules exceeds 0.1% but is less than 5%, the transactions contemplated under the Property Service Agreement are subject to the reporting and announcement requirements, but are exempted from the circular (including independent financial advice) and independent shareholders' approval requirements pursuant to Chapter 14A of the Listing Rules.

DEFINITIONS

In this announcement, unless the context requires otherwise, the following expressions shall have the following meanings:

“Board”	the board of directors of the Company
“China Evergrande”	China Evergrande Group (中國恒大集團), an exempted 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)
“Company”	HengTen Networks Group Limited
“connected person(s)”, “connected transaction(s)”, “continuing connected transaction(s)” and “controlling shareholder(s)”	each has the meaning ascribed thereto under the Listing Rules
“Director(s)”	the director(s) of the Company
“Evergrande Property Services”	Evergrande Property Services Group Limited (恒大物業集團有限公司), an exempted company incorporated in the Cayman Islands with limited liability, the shares of which are listed on the Main Board of the Stock Exchange (stock code: 6666) and the controlling shareholder of which is China Evergrande
“Group”	the Company and its subsidiaries
“Guangzhou Jiasui”	Guangzhou Jiasui Property Co., Ltd.* (廣州市佳穗置業有限公司), a company incorporated in the PRC with limited liability and a subsidiary of China Evergrande
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong
“HKFRSs”	the Hong Kong Financial Reporting Standards issued by the Hong Kong Institute of Certified Public Accountants from time to time
“Hong Kong”	Hong Kong Special Administrative Region of the People’s Republic of China

“Jinbi Property”	Jinbi Property Co., Ltd.* (金碧物業有限公司) (formerly known as Guangzhou Jinbi Property Co., Ltd.* (廣州市金碧物業有限公司) and Guangzhou Jinbi Property Group Co., Ltd.* (廣州市金碧物業集團有限公司), a company incorporated in the PRC and also an indirect wholly-owned subsidiary of Evergrande Property Services
“Lease Transaction”	the one-off connected transaction contemplated under the Property Lease Agreement
“Leased Property” or “Property”	the real estate located at Unit 2501, Guangzhou Evergrande Center, Huangpu Avenue West, Tianhe District, Guangzhou City, Guangdong Province
“Listing Rules”	the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited
“percentage ratio”	has the meaning ascribed to it under the Listing Rules
“PRC”	the People’s Republic of China, which, for the purpose of this announcement, excludes Hong Kong, the Macau Special Administrative Region of the PRC and Taiwan
“Property Lease Agreement”	the property lease agreement dated 31 December 2020 entered into between Shenzhen Hengten and Guangzhou Jiasui with effect from 1 January 2021
“Property Management Transactions”	the continuing connected transaction contemplated under the Property Service Agreement
“Property Service Agreement”	the property service agreement dated 31 December 2020 entered into between Shenzhen Hengten and Jinbi Property with effect from 1 January 2021
“Return Period”	has the meaning ascribed to it under the section headed “Property Lease Agreement” in this announcement
“RMB”	Renminbi, the lawful currency of the PRC
“Share(s)”	the ordinary share(s) of the Company
“Shareholders”	the holder(s) of the Share(s)
“Shenzhen Hengten”	Shenzhen HengTen Networks 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

“Stock Exchange”

The Stock Exchange of Hong Kong Limited

“sq.m.”

square meter

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

Hong Kong, 31 December 2020

As at the date of this announcement, the executive directors of the Company are Mr. Xu Wen, Mr. Huang Xiangui and Mr. Wan Chao; 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.

* *for identification purpose only*