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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)**

### **PROFIT WARNING**

This announcement is made by HengTen Networks Group Limited (the “**Company**” and together with its subsidiaries, the “**Group**”) pursuant to Rule 13.09(2) of the Rules Governing the Listing of Securities on the Stock Exchange of Hong Kong Limited (the “**Listing Rules**”) and the Inside Information Provisions (as defined in the Listing Rules) under Part XIVA of the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong).

The board of directors (the “**Board**”) of the Company wishes to notify the shareholders (the “**Shareholders**”) and potential investors of the Company that, based on the information currently available to the management, the Group is expected to record a net loss for the six months ended 30 June 2021 (“**first half of 2021**”) of approximately RMB2.3 billion to RMB2.6 billion, whereas, the net profit of the Group for the six months ended 30 June 2020 was approximately RMB7.18 million.

The Group expects to record a net loss in the first half of 2021, which is primarily attributable to the proposed assessment of loss arising from fair value change (taking into account the increase in share price of the Company) in respect of the warrants (“**Warrants**”) issued by the Company in early 2021 in connection with the acquisition of Virtual Cinema Entertainment Limited (“**Acquisition**”). The Group expects to record a loss of approximately RMB2.4 billion to RMB2.7 billion due to the fair value change of the Warrants as at 30 June 2021. As the Company’s assessment remains in progress, the specific provision amount remains to be finalized. In this connection, the Board emphasizes that the provision represents an accounting related adjustment and is a non-operating item. Excluding the above losses arising from the accounting treatment as a result of the Acquisition, the Group’s business is expected to record a net profit of approximately RMB110 million to RMB130 million in the first half of 2021, in which the business segment of Virtual Cinema Entertainment Limited under the Group is expected to record a net profit of approximately RMB160 million to RMB170 million, and the internet home furnishing and internet materials business segment is expected to record a net loss of approximately RMB40 million to RMB50 million.

The information contained in this announcement is only a preliminary assessment by the management of the Company based on the financial information currently available to the management, and is not based on any figures or information which has been audited or reviewed by the Company's auditor or the audit committee of the Board. Shareholders and potential investors are advised to read carefully the interim results announcement of the Company for the first half of 2021.

**Shareholders and potential investors of the Company are advised to exercise caution when dealing in the securities of the Company.**

By order of the Board  
**HengTen Networks Group Limited**  
*Chairman*  
**Ke Liming**

Hong Kong, 17 August 2021

*As at the date of this notice, the executive Directors of the Company are Mr. Ke Liming, Mr. Xu Wen, Mr. Wan Chao and Mr. Chen Cong; 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.*