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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)

ANNOUNCEMENT OF RESULTS FOR THE NINE MONTHS ENDED 31 DECEMBER 2015

RESULTS

The Board (the “Board”) of Directors (“Directors”) of HengTen Networks Group Limited (the “Company” or “HengTen Networks”) announces the consolidated results of the Company and its subsidiaries (the “Group”) for the nine months ended 31 December 2015 (the “Period”) together with comparative figures for the previous year ended 31 March 2015 as follows:

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

		Nine months ended 31 December 2015 HK\$'000	Year ended 31 March 2015 HK\$'000
	<i>Notes</i>		
Continuing operation			
Revenue	2	101,049	100,099
Cost of sales	3	(73,939)	(65,876)

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME — *continued*

	<i>Notes</i>	Nine months ended 31 December 2015 HK\$'000	Year ended 31 March 2015 HK\$'000
Gross profit		27,110	34,223
Selling and marketing costs	3	(3,371)	(5,532)
Administrative expenses	3	(45,321)	(77,875)
Net change in fair value of financial assets at fair value through profit or loss		(22,608)	4,410
Other income	4	1,093	1,591
Other gains-net	5	2,668	223
Equity-settled share-based payments		<u>(184,808)</u>	<u>(20,732)</u>
Operating loss		(225,237)	(63,692)
Finance costs	6	(2,874)	(16,492)
Finance income	6	66	194
Finance costs-net	6	<u>(2,808)</u>	<u>(16,298)</u>
Loss before income tax		(228,045)	(79,990)
Income tax credit	7	95	10,687
Loss for the period/year from continuing operations		(227,950)	(69,303)
Discontinued operation			
Loss for the period/year from discontinued operation		—	<u>(59,798)</u>
Loss for the period/year		<u>(227,950)</u>	<u>(129,101)</u>
Loss attributable to:			
– owners of the Company		(227,817)	(128,431)
– non-controlling interests		(133)	(670)
		<u>(227,950)</u>	<u>(129,101)</u>
Loss attributable to owners of the Company arises from:			
– continuing operations		(227,817)	(68,633)
– discontinued operation		—	<u>(59,798)</u>
		<u>(227,817)</u>	<u>(128,431)</u>
Loss per share from continuing and discontinued operations attributable to owners of the Company for the period/year (expressed in HK cents per share)	8		
Basic and diluted loss per share			
– from continuing operations		(0.29)	(0.51)
– from discontinued operation		—	<u>(0.45)</u>
From loss for the period/year		<u>(0.29)</u>	<u>(0.96)</u>

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME — *continued*

	Nine months ended 31 December 2015 <i>HK\$'000</i>	Year ended 31 March 2015 <i>HK\$'000</i>
Loss for the period/year	(227,950)	(129,101)
Other comprehensive income		
<i>Items that may be reclassified to profit or loss</i>		
Net loss on fair value changes of available for-sale financial assets	(145)	(73)
Exchange differences on translating foreign operations	708	–
Reclassification adjustment – transfer translation reserve to profit or loss upon disposal of subsidiaries	–	89,460
Other comprehensive income for the period/year, net of tax	563	89,387
Total comprehensive income for the period/year	(227,387)	(39,714)
Total comprehensive income attributable to:		
– owners of the Company	(226,986)	(39,044)
– non-controlling interests	(401)	(670)
	(227,387)	(39,714)
Total comprehensive income attributable to owners of the Company arises from:		
– continuing operations	(226,986)	(68,706)
– discontinued operation	–	29,662
	(226,986)	(39,044)

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

	31 December	31 March
	2015	2015
<i>Note</i>	<i>HK\$'000</i>	<i>HK\$'000</i>
ASSETS		
Non-current assets		
Property, plant and equipment	3,804	5,114
Land use rights	736	1,034
Investment properties	19,992	21,546
Available-for-sale financial assets	765	910
	25,297	28,604
Current assets		
Inventories	2,979	3,523
Trade receivables	19,072	17,003
Other receivables and prepayments	4,802	5,991
Financial assets at fair value through profit or loss	50,020	24,510
Cash and cash equivalents	764,136	45,843
	841,009	96,870
Total assets	866,306	125,474
EQUITY		
Capital and reserves attributable to owners of the Company		
Share capital	147,179	312,689
Share premium	5,193,669	4,133,356
Other reserves	20,329	442,739
Accumulated losses	(4,633,821)	(4,921,496)
	727,356	(32,712)
Non-controlling interests	4,627	5,028
Total equity/(deficit)	731,983	(27,684)

CONSOLIDATED STATEMENT OF FINANCIAL POSITION — *continued*

		31 December	31 March
		2015	2015
	<i>Notes</i>	<i>HK\$'000</i>	<i>HK\$'000</i>
LIABILITIES			
Non-current liabilities			
Borrowings	<i>12</i>	60,000	60,000
Obligations under finance leases		300	430
Deferred tax liabilities		4,266	4,698
		<u>64,566</u>	<u>65,128</u>
Current liabilities			
Trade payables	<i>10</i>	6,124	8,610
Other payables and accruals	<i>11</i>	54,310	68,029
Current income tax liabilities		9,113	11,076
Obligations under finance leases		210	315
		<u>69,757</u>	<u>88,030</u>
Total liabilities		<u>134,323</u>	<u>153,158</u>
Total equity and liabilities		<u>866,306</u>	<u>125,474</u>

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS:

1 BASIS OF PREPARATION

The consolidated financial statements of the Group have been prepared in accordance with all applicable Hong Kong Financial Reporting Standards (the “HKFRS”). The consolidated financial statements have been prepared under the historical cost convention, as modified by the revaluation of available-for-sale financial assets, financial assets at fair value through profit and loss, and investment properties which are carried at fair value.

Pursuant to a resolution of the Board of Directors dated 22 December 2015, the financial year end date of the Company has been changed from 31 March to 31 December to align with the financial year end date of the ultimate holding company, Evergrande Real Estate Group Limited, and thereby facilitate the preparation of the consolidated financial statements of Evergrande Real Estate Group Limited. Accordingly, the current financial period covers a nine-month period from 1 April 2015 to 31 December 2015 and the comparative financial period from 1 April 2014 to 31 March 2015. The comparative figures for the consolidated statement of comprehensive income, the consolidated statement of changes in equity, the consolidated statement of cash flows and related notes thereto are not directly comparable. Certain comparative figures have been reclassified to conform with the current period presentation.

In the preparation of the consolidated financial statements, the Directors of the Company have given due and careful consideration to the future liquidity of the Group by continuous monitoring forecast and actual cash flows in light of the Group’s total equity of approximately HK\$731,983,000 as at 31 December 2015 and its incurred loss of approximately HK\$227,817,000 for the nine months ended 31 December 2015, including equity-settled share-based payments of approximately HK\$184,808,000. In the opinion of the directors of the Company, the consolidated financial statements have been prepared on a going concern basis as the Group obtained cash of approximately HK\$791,622,000 from subscription of new shares and exercise of bonus warrants during the Period and sustainable financial support from the controlling shareholder. The Directors of the Company believe that the Group has sufficient funds to finance its current working capital requirements and financial obligations in the next twelve months from the end of the reporting period.

(a) Amendments and interpretation to existing standards adopted by the Group

The following new standards and amendments and interpretations to existing standards are mandatory for the first time for the financial period beginning on 1 April 2015.

HKAS 19 (Amendment)	Defined benefit plans: Employee contributions
Annual improvements 2012	2010-2012 cycle of the annual improvements project
Annual improvements 2013	2011-2013 cycle of the annual improvements project

The adoption of the above new standards, amendments and interpretations to existing standards do not have significant impact on the consolidated financial statements, other than certain disclosures.

(b) New and amendments to existing standards have been issued but are not effective for the financial period beginning on 1 April 2015 and have not been early adopted by the Group:

		Effective for annual periods beginning on or after
HKAS 1 (Amendment)	Disclosure Initiative	1 January 2016
HKAS 16 and 38 (Amendment)	Clarification of Acceptable Methods of Depreciation and Amortisation	1 January 2016
HKAS 16 and 41 (Amendment)	Agriculture: Bearer Plants	1 January 2016
HKAS 27 (Amendment)	Equity Method in Separate Financial Statements	1 January 2016
HKFRS 10, HKFRS 12 and HKAS 28 (Amendment)	Investment Entities: Applying the Consolidation Exception	1 January 2016
HKFRS 11 (Amendment)	Accounting for Acquisitions of Interests in Joint Operations	1 January 2016
HKFRS 14	Regulatory Deferral Accounts	1 January 2016
Annual improvements 2014	Annual Improvements to HKFRS 2012-2014 cycle	1 January 2016
HKFRS 9	Financial Instruments	1 January 2018
HKFRS 15	Revenue from Contracts with Customers	1 January 2018
HKFRS 10 and HKAS 28 (Amendment)	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture	To be determined

The management is in the process of making an assessment on the impact of these new standards and amendments to existing standards and is not yet in a position to state whether any substantial changes to the Group's significant accounting policies and presentation of the financial information will be resulted in.

(c) New Hong Kong Companies Ordinance (Cap.622)

In addition, the requirements of Part 9 "Accounts and Audit" of the new Hong Kong Companies Ordinance (Cap. 622) come into operation during the financial period, as a result, there are changes to presentation and disclosures of certain information in the consolidated financial statements.

2 SEGMENT INFORMATION

The chief operating decision-maker (“CODM”) of the Group has been identified as the executive directors of the Company who are responsible for reviewing the Group’s internal reporting in order to assess performance and allocate resources. Management has determined the operating segments based on these reports. The Group is organised into three business segments: investments, property investment and manufacture and sales of accessories. For the nine months ended 31 December 2015, loan financing segment did not carry out any business.

The directors of the Company assess the performance of the operating segments based on a measure of segment results. Finance cost and income are not included in the result for each operating segment.

The segment results and other segment items included in the consolidated statement of comprehensive income for the nine months ended 31 December 2015 are as follows:

	Investments <i>HK\$’000</i>	Property investment <i>HK\$’000</i>	Manufacture and sales of accessories <i>HK\$’000</i>	Consolidated <i>HK\$’000</i>
Revenue	–	–	101,049	101,049
Rental income (<i>Note 4</i>)	–	828	–	828
Dividend income from available- for-sale financial assets	53	–	–	53
Net change in fair value of financial assets at fair value through profit or loss	<u>(22,608)</u>	–	–	<u>(22,608)</u>
	<u>(22,555)</u>	<u>828</u>	<u>101,049</u>	<u>79,322</u>
Segment (loss)/profit	<u>(23,639)</u>	<u>(94)</u>	<u>3,188</u>	<u>(20,545)</u>
Depreciation	–	–	(887)	(887)
Amortisation	–	–	(247)	(247)
Unallocated corporate expenses				(203,759)
Unallocated other income				243
Unallocated finance costs				<u>(2,850)</u>
Loss before income tax				<u>(228,045)</u>

The segment results and other segment items included in the consolidated statement of comprehensive income for the year ended 31 March 2015 are as follows:

	Investments	Loan	Property	Manufacture	Consolidated
	HK\$'000	financing	investment	and sales of	HK\$'000
		HK\$'000	HK\$'000	accessories	
				HK\$'000	
Revenue	-	-	-	100,099	100,099
Interest income on loan receivable	-	3	-	-	3
Rental income (<i>Note 4</i>)	-	-	1,122	-	1,122
Dividend income from available-for-sale financial assets	49	-	-	-	49
Net change in fair value of financial assets at fair value through profit or loss	4,410	-	-	-	4,410
	<u>4,459</u>	<u>3</u>	<u>1,122</u>	<u>100,099</u>	<u>105,683</u>
Segment profit/(loss)	<u>4,725</u>	<u>3</u>	<u>(917)</u>	<u>(1,081)</u>	2,730
Depreciation	-	-	-	(895)	(895)
Amortisation	-	-	-	(338)	(338)
Unallocated corporate expenses					(65,408)
Unallocated other income					243
Unallocated finance costs					(16,464)
Gain on the alteration of terms of Convertible Bonds					<u>142</u>
Loss before tax					<u>(79,990)</u>

Segment assets and liabilities as at 31 December 2015 are as follows:

	Investments <i>HK\$'000</i>	Property investment <i>HK\$'000</i>	Manufacture and sales of accessories <i>HK\$'000</i>	Consolidated <i>HK\$'000</i>
ASSETS				
Segment assets	<u>50,785</u>	<u>19,992</u>	<u>28,194</u>	98,971
Unallocated property, plant and equipment				81
Unallocated other receivables and prepayments				3,118
Cash and cash equivalents				<u>764,136</u>
Consolidated total assets				<u>866,306</u>
LIABILITIES				
Segment liabilities	<u>-</u>	<u>-</u>	<u>33,190</u>	33,190
Unallocated other payables and accrued charges				27,754
Unallocated borrowings				60,000
Current income tax liabilities				9,113
Deferred tax liabilities				<u>4,266</u>
Consolidated total liabilities				<u>134,323</u>

Segment assets and liabilities as at 31 March 2015 are as follows:

	Investments <i>HK\$'000</i>	Loan financing <i>HK\$'000</i>	Property investment <i>HK\$'000</i>	Manufacture and sales of accessories <i>HK\$'000</i>	Consolidated <i>HK\$'000</i>
ASSETS					
Segment assets	<u>25,477</u>	<u>–</u>	<u>21,546</u>	<u>28,349</u>	75,372
Unallocated property, plant and equipment					117
Unallocated other receivables and prepayments					4,142
Cash and cash equivalents					<u>45,843</u>
Consolidated total assets					<u>125,474</u>
LIABILITIES					
Segment liabilities	<u>–</u>	<u>–</u>	<u>–</u>	<u>35,860</u>	35,860
Unallocated other payables and accrued charges					25,374
Unallocated borrowings					60,000
Current income tax liabilities					11,076
Convertible Bonds					16,150
Deferred tax liabilities					<u>4,698</u>
Consolidated total liabilities					<u>153,158</u>

For the purpose of monitoring segment performances and allocating resources between segments:

- all assets are allocated to reportable and operating segments, other than certain property, plant and equipment, certain other receivables and prepayments and cash and cash equivalent; and
- all liabilities are allocated to reportable and operating segments, other than certain other payables and accruals, current income tax liabilities, convertible bonds, certain borrowings and deferred tax liabilities.

Geographical information

The Group's operations are located in Hong Kong and the People Republic of China ("PRC") for the nine months ended 31 December 2015 (for the year ended 31 March 2015: Hong Kong and the PRC).

Information about the Group's revenue from external customers is presented based on the location at which the goods or services are delivered or provided.

The Group's total revenue from sales of goods by geographical location are detailed below:

	Nine months ended 31 December 2015 HK\$'000	Year ended 31 March 2015 HK\$'000
Europe	56,759	48,938
United States	14,970	14,420
PRC	13,560	15,230
Japan	8,001	11,271
Hong Kong	4,760	6,477
Others	2,999	3,763
	<u>101,049</u>	<u>100,099</u>

The Group's non-current assets excluding available-for-sale financial assets by geographical location of the assets are detailed below:

	Nine months ended 31 December 2015 HK\$'000	Year ended 31 March 2015 HK\$'000
PRC	23,009	25,913
Hong Kong	1,523	1,781
	<u>24,532</u>	<u>27,694</u>

3 EXPENSES BY NATURE

Major expenses included in cost of sales, selling and marketing costs, and administrative expenses are analysed as follows:

	Nine months ended 31 December 2015 HK\$'000	Year ended 31 March 2015 HK\$'000
Cost of inventories sold	65,566	59,474
Change in finished goods and work in progress	405	1,084
Staff costs (excluding equity-settled share-based payments)	31,409	41,329
Legal and professional fee	2,517	77
Depreciation	1,325	1,711
Auditors' remuneration		
– audit services	1,728	1,709
– non-audit services	1,345	–
Amortisation of land use rights	247	338
	65,566	59,474

4 OTHER INCOME

	Nine months ended 31 December 2015 HK\$'000	Year ended 31 March 2015 HK\$'000
Rental income	828	1,122
Interest income from unlisted convertible bonds	177	352
Dividend income from available-for-sale financial assets	53	49
Sundry income	35	68
	1,093	1,591

5 OTHER GAINS-NET

	Nine months ended 31 December 2015 <i>HK\$'000</i>	Year ended 31 March 2015 <i>HK\$'000</i>
Write-off of payables	2,484	–
Reversal of doubtful debts on trade receivables, net	266	40
Gains on disposal of property, plant and equipment	180	185
Gains on disposal of land use rights	35	410
Foreign exchange gains/(losses)	75	(176)
Fair value losses on investment properties	(372)	(378)
Gains on the alteration of terms of convertible bonds	–	142
	<u>2,668</u>	<u>223</u>

6 FINANCE COSTS-NET

	Nine months ended 31 December 2015 <i>HK\$'000</i>	Year ended 31 March 2015 <i>HK\$'000</i>
Finance costs:		
– Interests expenses on other borrowings	2,478	3,386
– Interests expenses on finance lease liabilities	24	28
– Interests expenses on convertible bonds	372	13,078
	<u>2,874</u>	<u>16,492</u>
Finance income:		
– Interest income on short-term bank deposits	(66)	(194)
Finance costs-net	<u>2,808</u>	<u>16,298</u>

7 INCOME TAX CREDIT

	Nine months ended 31 December 2015 HK\$'000	Year ended 31 March 2015 HK\$'000
Current income tax		
– provision for the period/year	(617)	(834)
– over-provision in respect of prior years	<u>689</u>	<u>8,027</u>
	<u>72</u>	<u>7,193</u>
Deferred income tax	<u>23</u>	<u>3,494</u>
	<u>95</u>	<u>10,687</u>

The income tax on the Group's profit before income tax differs from the theoretical amount that would arise using the enacted tax rate of the home country of the group entities as follows:

	Nine months ended 31 December 2015 HK\$'000	Year ended 31 March 2015 HK\$'000
Loss before income tax	(228,045)	(79,990)
Calculated at corporate income tax rate of 16.5%	(37,627)	(13,198)
Income not subject to tax	(9)	(85)
Expenses not deductible for tax purposes	31,861	3,882
Tax losses for which no deferred income tax asset was recognised	6,574	6,172
Over-provision in respect of prior years	(689)	(8,027)
Utilisation of tax losses previously not recognised	(382)	–
Effect of different tax rates for subsidiaries operating in other jurisdictions	177	260
Tax effect of non-allowable losses of offshore operation	<u>–</u>	<u>309</u>
	<u>(95)</u>	<u>(10,687)</u>

Hong Kong profit tax is calculated at 16.5% on the estimated assessable profits for both years, based on the existing legislation, interpretations and practices in respect thereof. No Hong Kong profit tax has been provided for during the nine months ended 31 December 2015 (for the year ended 31 March 2015: nil).

The income tax provision of the Group in respect of operations in the PRC has been calculated at the applicable tax rate of 25% (for the year ended 31 March 2015: 25%) on the estimated assessable profits for the period/year, based on the existing legislation, interpretations and practices in respect thereof.

8 LOSS PER SHARE

(a) Basic

Basic loss per share is calculated by dividing the loss attributable to owners of the Company by the weighted average number of ordinary shares in issue during the period/year.

	Nine months ended 31 December 2015	Year ended 31 March 2015 (restated)
Loss attributable to owners of the Company (HK\$'000)	(227,817)	(68,633)
Loss from discontinued operation attributable to owners of the Company (HK\$'000)	<u>–</u>	<u>(59,798)</u>
Total loss attributable to owners of the Company (HK\$'000)	<u>(227,817)</u>	<u>(128,431)</u>
Weighted average numbers of ordinary shares in issue (thousand shares)	79,603,128	13,395,671
Basic and diluted loss per share (HK cents per share)		
– from continuing operations	(0.29)	(0.51)
– from discontinued operation	<u>–</u>	<u>(0.45)</u>
From loss for the period/year	<u>(0.29)</u>	<u>(0.96)</u>

The number of shares used for the nine months ended 31 December 2015 calculations of weighted average numbers of ordinary shares shown above have been adjusted for the bonus element implicit in the discount for the new shares and the New Warrants issued in the Subscription on 26 October 2015.

The ordinary shares outstanding during the period/year has been retrospectively decreased for the impact of the Share Consolidation as on 27 October 2015.

(b) Diluted

The computation of diluted loss per share does not assume the exercise of the Company's share options, warrants and conversion of the Company's outstanding convertible bonds since their assumed exercise conversion would result in a decrease in loss per share from the continuing operations.

From discontinued operations

During the year ended 31 March 2015, basic and diluted loss per share from discontinued operation was HK0.45 cents, which is calculated based on the loss for the year from discontinued operation of approximately HK\$59,798,000 and the denominators detailed above for calculating basic and diluted loss per share from continuing operations.

9 TRADE RECEIVABLES

		31 December 2015 HK\$'000	31 March 2015 HK\$'000
Trade receivables	(a)	23,567	21,839
Less: allowance for doubtful debts	(b)	(4,495)	(4,836)
Trade receivables – net		<u>19,072</u>	<u>17,003</u>

Trade receivables were denominated in the following currencies:

		31 December 2015 HK\$'000	31 March 2015 HK\$'000
– Denominated in US\$		15,366	15,549
– Denominated in RMB		7,542	5,701
– Denominated in EUR		659	585
– Denominated in HK\$		–	4
		<u>23,567</u>	<u>21,839</u>

- (a) Trade receivables mainly arose from manufacture and sales of accessories business. The Group allows an average credit period ranging from 60 to 150 days to its trade customers. The following is an ageing analysis of trade receivables net of allowances for doubtful debts, based on the invoice date which approximates the revenue recognition date at the end of the reporting period:

	31 December	31 March
	2015	2015
	HK\$'000	HK\$'000
Within 60 days	11,839	13,959
61 days to 150 days	7,148	2,272
151 days to 365 days	85	772
	<u>19,072</u>	<u>17,003</u>

As at 31 December 2015, trade receivables of approximately HK\$5,683,000 (31 March 2015: approximately HK\$2,425,000) were past due but not impaired. These relate to a number of independent customers for whom there is no recent history of default. The ageing analysis of these trade receivables is as follows:

	31 December	31 March
	2015	2015
	HK\$'000	HK\$'000
Within 60 days	5,105	1,646
61 days to 150 days	578	779
	<u>5,683</u>	<u>2,425</u>

As at 31 December 2015, trade receivables of approximately HK\$4,495,000 (31 March 2015: approximately HK\$4,836,000) were fully impaired. The individually impaired receivables mainly relate to wholesalers, which are in unexpectedly difficult economic situations. The Group's policy on allowance for doubtful debts is based on the evaluation of collectability, age of accounts and on management's judgement including credit worthiness and past collection history of each customer.

(b) Movement in the allowance for doubtful debts:

	Nine months ended 31 December 2015 HK\$'000	Year ended 31 March 2015 HK\$'000
Balance at beginning of the period/year	4,836	5,489
Impairment losses recognised	49	108
Amounts written off as uncollectible	(20)	(613)
Amounts recovered during the period/year	(315)	(148)
Currency translation differences	(55)	–
	<hr/>	<hr/>
Balance at end of the period/year	4,495	4,836
	<hr/> <hr/>	<hr/> <hr/>

The maximum exposure to credit risk at each balance sheet date is the carrying value of each class of receivables mentioned above.

10 TRADE PAYABLES

	31 December 2015 HK\$'000	31 March 2015 HK\$'000
Trade payables	6,124	8,610
	<hr/> <hr/>	<hr/> <hr/>

Trade payables were denominated in the following currencies:

	31 December 2015 HK\$'000	31 March 2015 HK\$'000
– Denominated in RMB	3,275	3,926
– Denominated in HK\$	2,213	4,221
– Denominated in US\$	636	433
– Denominated in EUR	–	30
	<hr/>	<hr/>
	6,124	8,610
	<hr/> <hr/>	<hr/> <hr/>

The ageing analysis of trade payables of the Group based on invoice date were as follows:

	31 December 2015 HK\$'000	31 March 2015 HK\$'000
Within 60 days	6,048	8,563
61 days to 150 days	23	–
Over 151 days	53	47
	6,124	8,610

The average credit period on purchases of goods is 90 days. The Group has financial risk management policies in place to ensure that all payables are settled within the credit timeframe.

11 OTHER PAYABLES AND ACCRUALS

	31 December 2015 HK\$'000	31 March 2015 HK\$'000
Other payables	34,272	35,016
Accrued expenses	7,355	3,760
Other taxes payable	12,683	13,103
Convertible bonds – liability component	–	16,150
	54,310	68,029

Other payables were denominated in the following currencies:

	31 December 2015 HK\$'000	31 March 2015 HK\$'000
– Denominated in HK\$	32,702	43,326
– Denominated in RMB	21,090	23,850
– Denominated in US\$	518	853
	54,310	68,029

12 BORROWINGS

	31 December 2015 HK\$'000	31 March 2015 HK\$'000
Borrowings included in non-current liabilities:		
Other borrowings – unsecured	60,000	60,000

MANAGEMENT DISCUSSION AND ANALYSIS

FINANCIAL RESULTS AND BUSINESS REVIEW

The loss attributable to shareholders of the Company (“Shareholders”) for the nine months ended 31 December 2015 amounted to approximately HK\$227.8 million, which was increased by approximately HK\$99.4 million as compared to a loss of approximately HK\$128.4 million for the year ended 31 March 2015. The loss was mainly attributable to:

- (i) staff cost of approximately HK\$216.2 million, of which approximately HK\$184.8 million arising from employee share option schemes (31 March 2015: staff cost of approximately HK\$61.7 million, of which approximately HK\$20.4 million arising from employee share option schemes); and
- (ii) net loss in fair value of financial assets at fair value through profit or loss of approximately HK\$22.6 million (31 March 2015: net gain of approximately HK\$4.4 million).

The basic and diluted loss per share was HK0.29 cents for the nine months ended 31 December 2015, as compared to that of HK0.96 cents (restated) for the year ended 31 March 2015.

Investments

The segment recorded a loss of approximately HK\$23.6 million for the nine months ended 31 December 2015 as compared with a gain of approximately HK\$4.7 million for the year ended 31 March 2015. The loss for the nine months ended 31 December 2015 was mainly attributable to a net realised loss from disposal of the unlisted convertible bonds designated at fair value through profit or loss of approximately HK\$4.5 million, a net realised loss from fair value change in held for trading investment in securities of approximately HK\$3.5 million and a net unrealised loss from fair value change in held for trading investments in securities of approximately HK\$14.6 million.

Loan financing

During the nine months ended 31 December 2015, no new loan was granted and therefore no interest income was generated for this segment (31 March 2015: approximately HK\$0.003 million).

Property investment

During the nine months ended 31 December 2015, rental income of approximately HK\$0.8 million was generated.

With the decrease in fair value of investment properties as at 31 December 2015 as compared to 31 March 2015, a fair value loss of approximately HK\$0.4 million was recognised during the nine months ended 31 December 2015. The decrease in fair value was mainly due to the slight decrease in the market price of the investment properties.

Manufacture and sales of accessories

The segment's turnover increased from approximately HK\$100.1 million for the year ended 31 March 2015 to approximately HK\$101.0 million for the nine months ended 31 December 2015, mainly due to completion of a significant order from a new customer during the period.

Due the relatively low margin of the above-mentioned significant order, the gross profit margin of the segment decreased from approximately 34.2% for the year ended 31 March 2015 to 26.8% on average for the nine months ended 31 December 2015. Nevertheless, with the decrease in selling and marketing costs and administrative expenses, the segment turned loss of approximately HK\$1.1 million for the year ended 31 March 2015 to a profit of approximately HK\$3.2 million for the nine months ended 31 December 2015.

PROSPECTS

Manufacturing and sales of accessories

The Group expects the performance of manufacturing and sales of accessories will have a moderate growth in the year ahead. The traditional high quality designs of single-lens reflex camera bags with higher price have been reinvigorated with the end users being willing to pay in proportionate to the high price of their cameras. The action camera accessories market is slowly becoming saturated and the Group is concentrating on innovative solutions to retain a healthy share in this market. In addition, the Group is exploring new clients from various exhibitions and shows, especially in the audio/headphone and domestic appliance areas, which is expected to have positive contribution to the performance of the segment.

Contrary to earlier worry about the weak exchange rate of Euro affecting the performance for European sales, the turnover to the subcontinent has increased year-to-year with the Group having positive product propositions and expertise skill set. Taking a conservative approach, a moderate growth on overall performance is expected.

Business Overview

(I) Market Overview

Community O2O mode has begun its exploration in the PRC since 2014, and it is still in the early stage of development with fragmented market. Real estate companies, independent property companies and Internet companies have different perspectives on the development of the community O2O, and with intense competition, there is still no significant industry leader.

In March 2015, Premier Li Keqiang announced the Report on the Work of the Government, indicating that the government would formulate the “Internet Plus” Action Plan; In July, the State Council released the “Guiding Opinions on Actively Promoting the “Internet Plus” Action”; In October, the “13th Five-Year” Plan recommendations were reviewed and approved by the 18th Session of the Fifth Plenary Session. The abovementioned policies have clearly enhanced guidance and support, focusing on the promotion of new generation of information technology with the representation of mobile Internet, cloud computing, big data, Internet of Things, integration and innovation with manufacturing, energy, services, agriculture and other fields. The policies also enhance the development and growth of new industries and the creation of new industry growth area, strengthen the support of taxation and improve financing services, develop sharing economy, implement national big data strategy. Under the background of these policies, HengTen Networks, carrying the outstanding genes of the global real estate leader Evergrande Real Estate Group Limited (“Evergrande”, and together with its subsidiaries, the “Evergrande Group”) and the global Internet giant Tencent Holdings Limited (“Tencent”), entered the Internet community services, striving to build the “one-stop” community service platform with the largest traffic, the best service, the best experience and the most popular brand.

On 21 February 2016, the State Council released the “Several Opinions on Further Enhancing Urban Planning and Construction Management Work” and proposed “to promote street district in our new residential area and no longer build closed residential community in principle. The existing residential community and estates have to gradually open for public internal roads”. The breakthrough of community and public transport system, the rise of open community, and the gradually entering of a variety of lifestyle service business establish a foundation for neighborhood social network, sharing economy and community business, and at the same time bring new challenges on home security to property owners. The Group is the first in the market to add the function of home security system for property owners with smart peephole as core during the launching of HengTen Mimi APP, becoming the first to occupy home security field. It is in line with the national policies and commences the strategy, becoming one of the profit growth points in the future.

With favorable policies, the macro-environment of “Internet Plus” accelerates the penetration of the Internet to communities. There are strong business opportunities and profitability in communities, and community service can make full use of the stock of resources of real estate, promote the cohesion of property owners, brand promotion and value-added specialties. In accordance with research, the year 2016 will be the activation period of the community O2O market and it will step into a rapid development period from 2017 onwards. Many companies will compete to enter the community O2O market with survival of the fittest, forming trend of separatist regime. Evergrande Group has a huge stock of real estate resources, having more than 100 cities nationwide, nearly 400 communities, with property areas of 50 million square metres and property owners of nearly 4 million. The current development scale of Evergrande Group’s real estate segment is astonishing and new property owners are growing rapidly. Combining with the advanced Internet technology resources and huge user data base advantage of Tencent, we can cooperate to enter the Internet community service market with great synergy, rapidly seizing the Internet community service market worth trillions.

(II) Business Development

The Group released “3+2+x” business structure on 27 November 2015, which comprises three fundamental segments, being property services, neighborhood social networking and life services, and two value-added segments, being Internet home and community finance as well as those segments as might be derived in the future. The structure can comprehensively and effectively solve problems traditionally found in community property management and community resident life, and thereby create a comprehensive, efficient and useful social O2O platform and build an innovative “Internet + community” way of living. On 30 December 2015, HengTen Mimi APP 1.0, a community O2O platform developed by the Group, successfully completed its first phase wireless online launch, and was promoted online in the first batch of 12 pilot communities located in pilot cities such as Guangzhou, Shenyang, Shijiazhuang, Jinan, Luoyang, Wuhan, Changsha, Nanchang, Chengdu. This marks a substantial step being taken by the Group on building an “Internet Plus” way of living, laying a solid foundation to seize the community O2O market.

1. Fundamental Segments

HengTen Mimi APP 1.0 focuses on two fundamental segments, property services and neighborhood social networking. Property services segment provides online collection of property management fees and utilities fees, home facilities repair and maintenance, community information communication and other functions, connecting with smart peephole and other intelligent home security monitoring equipment. Internet realizes the integration of online-offline property services, providing immediate response to daily highly-demanded property needs of property owners, thus greatly enhance service efficiency, and improves the loyalty of users to the online service platform using the comprehensive range of hardware to software, and creates opportunities to expand to other additional services. Neighborhood social networking segment provides activities initiation, content sharing, photo wall event poll and other functions, and is committed to create high user activity and cohesion, realizing the advantageous feature of sharing economic based on community resource.

2. Value-added Segments

Internet home platform focuses on the needs of property owners, and is committed to building an interactive move-in condition one-stop service by customized design, combined package, online group purchase etc. In addition, its unique advantage of centralized procurement from its supplier alliance not only creates values for property owners but also creates a sustainable and profitable value-added business model for HengTen Networks.

As at 31 December 2015, the Internet home business has set up an alliance with 15 large well-known furniture and household textile units in the PRC, signed 2,175 home furniture products in 32 series and 178 household textile products in 26 series. The Internet home platform commenced development of exclusive products together with partnering suppliers for Evergrande real estate projects and completed the first round of review focusing on offline market research for home products in the first batch of 12 pilot communities, thereby laying the foundation for effective implementation of Internet home business.

The Group completed the preliminary research, development and planning of community life services, community Internet finance and other segments in 2015. Combining the resource advantages of Evergrande's diversified industries, the Group initiated the exploration of extensive strategic business model of resource sharing and complementary advantages.

(III) Team Building

With the support of human resources both online and offline, HengTen Networks has gradually established a complete team. (1) Online part: Comprising a team of capable staff in product, operation, research and development and industry cooperation functions, with core members all from largest domestic and overseas Internet companies. Substantially all of them graduated from top universities in the PRC and overseas. With an average age of 28 and average industry experience of 6.5 years, they possess innovative thinking, wide vision and flexible product development capability from the Internet industry, as well as high efficiency and execution ability inherited from the culture of Evergrande. (2) Offline part: Through seamless online teamwork cooperation and connection with the most experienced property management team in the PRC in community product marketing, implementation of services and organization of services, a complete service cycle was formed.

BUSINESS OUTLOOK

Looking forward to 2016, the Group will focus on improving user experience, expanding product capabilities, improving service quality in the first half year, and target to expand the scope of pilot areas in the second half year, promoting services and products to most of Evergrande communities.

(I) Product Development Plan

In 2016, HengTen Mimi products will continue to maintain rapid iteration and feature upgrades. HengTen Mimi APP 1.6 was released on 15 March 2016, and it is expected that the product requirement of HengTen Mimi APP 2.0 will be completed by the end of March 2016 and commence research and development. HengTen Mimi APP 1.6 will substantially upgrade and optimize the functions and experience of 1.0, providing system support to improve business satisfaction and internal operational efficiency.

1. Fundamental Segments

Since 30 December 2015, the Group has promoted smart peephole and other intelligent home security monitoring equipment in the first batch of 12 pilot communities of Evergrande, which is ahead of the urban planning construction policy announced by the State Council, in response to the security needs of the residents, and accounting for strategic advantage. The next step of property services segment is to continue to improve the quality of intelligent community management, and constantly improve basic community services, and strive to upgrade the platform to be the most convenient and the most trusted communication tool for property owners. Neighborhood social networking segment will develop interest and social groups, personalized desktop, social media sharing and other functions in order to enhance user loyalty to social platforms, incubate second hand trading, item, replacement, skill exchange segment. Life services segment plans to introduce online life services such as laundry, housekeeping, car-washing, education and training, collection of courier delivery, and other vertical categories based on the lifestyle demand and habits on basic necessities preference analysis of the community users. These approaches can increase common usage of fast payment methods on the Internet, and enhance convenience of life service for users.

2. Value-added Segments

Internet home plans to integrate with industry resources, and conduct site visits taking into account customer preferences, home configuration and other requirements. A wide range of multi-functional “home decoration design package” service is expected to be introduced to meet the needs of property owners for high quality home life. Besides, Internet home plans to perfect the needs of online e-commerce platform function model, enrich product series, and continue to develop offline projects in the pilot communities, in order to achieve systemization, standardization, reproducibility of the Internet home O2O model with online and offline combination. It is targeted to be launched in most of Evergrande communities and other communities across the PRC following the gradual maturity of the model.

Community finance

Community finance segment will introduce targeted household property insurance, including robbery and theft insurance, home improvement insurance, property damage insurance, etc., which combined with the smart peephole security equipment, strive to provide property owners with complete security services experience. Combining prepaid property management fees, community leasing and other community services, a new mode of community Internet finance of community household financial products will be developed. HengTen Mimi WeChat public account and the APP platform can become the best entry of introducing Internet finance to community. The introduction of insurance and financial products to HengTen Mimi platform for direct sales would offer an exclusive wealth management service to the property owners and customers.

3. Derivative Segments

The Group will integrate e-commerce, Internet home and other resources to establish Internet housing lease and trade platform, and form real estate major business service cycle, bringing HengTen Mimi APP to become a one-stop member service platform for customers and property owners.

The Group will combine with Internet payment platform to complete online payment and information collection of all business, thereby integrating large database, completing intelligent and data-support product planning and development system, and providing users with complete, customized products services, thus enabling precise marketing.

(II) Platform Operation Plan

In view of the vast blue ocean community market, a strategy of pilot first, orderly expansion and efficient advancement has been developed to realize step-by-step coverage of all Evergrande communities and other communities across the PRC. Through continuous exploration of highly-demanded property needs of community residents and neighborhood social networking model that adapts to local conditions, the loyalty of users to the platform will be improved, and all other kinds of services will be gradually launched so to realize a leaping increase in the number of users. In 2015, the Group's community O2O products have been fully launched in 12 pilot communities, providing high frequency and high quality property, social networking and life services for property owners in pilot communities. In accordance with the development scale objectives of the Group, the community O2O products service coverage will expand to most of Evergrande communities by 2016. The service will cover all Evergrande communities and will expand to other communities across the PRC, establishing its absolute leading position in the O2O market in 2017. The Group will continue its integration and development in domestic community in the future, and will advance the blue ocean market amounting to trillions of dollars.

LIQUIDITY, CAPITAL RESOURCES, BORROWING AND GEARING RATIO

The Group primarily financed its operations through fund raising exercise, other borrowings and shareholder's equity. During the nine months ended 31 December 2015, the liquidity of the Group was closely monitored by the Board and the Company explored various initiatives to seek new funding and improve the debt to equity ratio by raising funding in the equity market with an aim to enhance the capital base of the Company.

Liquidity

As at 31 December 2015, the Group maintained cash and bank balances of approximately HK\$764.1 million (as at 31 March 2015: approximately HK\$45.8 million). The increase in cash and bank balances was mainly due to the proceeds from exercise of the Existing Warrants (defined below) and issue of new shares from Subscription (defined below).

Capital Resources

(i) Exercise of the bonus warrants during the nine months ended 31 December 2015

The bonus warrant issue to Shareholders on the basis of one warrant (the “Existing Warrant”) for every five shares held on the record date, entitling the warrant holders to subscribe in cash for one new share at an initial subscription price of HK\$0.1 per new share, at any time from 24 February 2015 to 23 February 2017 (both days inclusive) was announced on 24 December 2014 and completed on 24 February 2015. The subscription price is adjusted to HK\$0.2 per new share upon the Share Consolidation as mentioned in paragraph (ii) below. During the nine months ended 31 December 2015, 652,483,988 new shares had been issued and allotted upon exercise of HK\$130,496,797.60 Existing Warrants (adjusted with Share Consolidation) with net proceeds of approximately HK\$130.5 million. The net proceeds of approximately HK\$36.2 million, HK\$5.8 million and HK\$34.6 million have been used for investment, the financing of the interest expenses of the convertible bonds and as general working capital, respectively.

(ii) Capital reorganisation, issue of new shares and unlisted new warrants and share consolidation

As disclosed in the circular of the Company dated 21 September 2015 (the “Circular”), the Company proposed to carry out, among others, (a) capital reorganisation, (b) issue of new shares and unlisted new warrants and (c) share consolidation.

- (a) The capital reorganisation involved reduction of nominal value of each issued share from par value of HK\$0.01 each to HK\$0.001 each by cancellation of the paid-up capital of the Company to the extent of HK\$0.009 on each issued share and subdivision of each of the authorised but unissued shares of HK\$0.01 each into 10 shares of par value of HK\$0.001 each (the “Capital Reorganisation”). Upon the Capital Reorganisation becoming effective on 16 October 2015, the credit arising from the Capital Reorganisation of approximately HK\$330.7 million was set off against the accumulated losses of the Company. The authorised share capital of the Company has become HK\$2,000,000,000 divided into 2,000,000,000,000 shares of HK\$0.001 each.

- (b) The issue of new shares and unlisted new warrants related to a subscription agreement entered into between, among others, the Company, Evergrande Real Estate Group Limited (“Evergrande”) and Mount Yandang Investment Limited (“Mount Yandang”), a wholly-owned subsidiary of Tencent Holdings Limited (“Tencent”), on 15 June 2015 (as supplemented on 2 October 2015) (the “Subscription Agreement”). Pursuant to the Subscription Agreement, Evergrande and Mount Yandang agreed to subscribe for, and the Company agreed to allot and issue (i) new ordinary shares at a price of HK\$0.0061 per share which represents 75.0% of the enlarged total issued share capital of the Company immediately after the issue of the new shares and (ii) new warrants (the “New Warrants”) at an aggregate nominal consideration of HK\$2, subject to the terms of the Subscription Agreement. The initial exercise price of the New Warrants is HK\$0.0061 per share, subject to adjustments. The subscription period of the New Warrants is five years from the date of issue.

As a result of the completion of the Capital Reorganisation and fulfilment of other conditions as set out in the Subscription Agreement, 80,835,141,820 new ordinary shares of HK\$0.001 each and HK\$57,418,811.1948 New Warrants were issued to a wholly-owned subsidiary of Evergrande and 29,394,597,026 new ordinary shares of HK\$0.001 each and HK\$20,879,567.7072 New Warrants were issued to a wholly-owned subsidiary of Tencent (collectively referred to as the “Subscription”) on 26 October 2015. The net proceeds from the Subscription was approximately HK\$661.1 million.

- (c) The share consolidation involved consolidation of every two issued and unissued shares of par value of HK\$0.001 each into one consolidated share of par value of HK\$0.002 each (the “Share Consolidation”). Upon the Share Consolidation becoming effective on 27 October 2015, (i) the initial exercise price of each of the Existing Warrant was adjusted from HK\$0.1 per share to HK\$0.2 per consolidated share and the total number of shares to be issued upon full exercise of the Existing Warrants is adjusted accordingly, (ii) the initial exercise price of the New Warrants was adjusted from HK\$0.0061 per share to HK\$0.0122 per consolidated share and the total number of shares to be issued upon full exercise of the New Warrants was adjusted from 12,835,799,820 shares to 6,417,899,910 consolidated shares and (iii) the authorised share capital of the Company has become HK\$2,000,000,000 divided into 1,000,000,000,000 shares of HK\$0.002 each.

Borrowings and Gearing Ratio

As at 31 December 2015, the Group's net equity amounted to approximately HK\$732.0 million (as at 31 March 2015: net deficit of approximately HK\$27.7 million) with total assets amounted to approximately HK\$866.3 million (as at 31 March 2015: approximately HK\$125.5 million). Net current assets were approximately HK\$771.3 million (as at 31 March 2015: net current assets of approximately HK\$8.8 million) and the current ratio was 12.1 times (as at 31 March 2015: 1.1 times). Gearing ratio calculated on the basis of the Group's total debts (interest-bearing bank and other borrowings plus convertible bonds and obligations under finance lease) over shareholders' funds was 8.32% (as at 31 March 2015: (235.07%)).

CHARGE OF ASSETS

As at 31 December 2015, margin facilities of approximately HK\$19.5 million from one regulated securities broker were granted to the Group under which financial assets at fair value through profit or loss of approximately HK\$50.0 million were treated as collateral for the facilities granted (as at 31 March 2015: no margin facility was granted to the Group as no listed equity securities were held by the Group).

CURRENCY RISK MANAGEMENT

The majority of the Group's assets are denominated in Hong Kong Dollars with no material foreign exchange exposure. The Group's manufacturing business also operates in overseas market, which alone accounts for approximately HK\$82.7 million of the Group's sales turnover. In safeguarding the volatile Euro Dollars currency risk, the management has chosen to adopt a more prudent sales policy by mainly accepting sale orders quoted in US dollars, which in turn could enable the management to maintain a stable currency exchange condition for normal trading business development. The Group currently does not have a foreign currency hedging policy. During the nine months ended 31 December 2015, the Directors are of the view that the Group's exposure to exchange rate risk is not material, and will continue to monitor it.

COMMITMENT

As at 31 December 2015, the Group has capital commitment of approximately HK\$110,019,000 for the purchase of technology equipment in relation to development of the internet community service online platform (as at 31 March 2015: nil).

CONTINGENT LIABILITIES

The Company and the Group had not provided corporate guarantee to its subsidiaries or other parties and did not have other contingent liabilities as at 31 December 2015 (as at 31 March 2015: nil).

NUMBER OF EMPLOYEES AND REMUNERATION POLICY

As at 31 December 2015, the Group employed approximately 313 employees. The remuneration policy of the Group is to reward its employees with reference to their qualifications, experience and work performance as well as to market benchmarks. Employee benefits include medical insurance coverage, mandatory provident fund and share option scheme. Total staff costs for the nine months ended 31 December 2015, including directors' emoluments, amounted to approximately HK\$216.2 million.

FINAL DIVIDEND

The Board does not recommend the payment of a final dividend for the nine months ended 31 December 2015 (year ended 31 March 2015: nil).

MATERIAL ACQUISITION AND DISPOSAL

During the nine months ended 31 December 2015, there was no material acquisition and disposal.

PURCHASE, SALE OR REDEMPTION OF LISTED SHARES

There was no purchase, sale or redemption by the Company or any of its subsidiaries of the Company's listed securities during the nine months ended 31 December 2015.

CORPORATE GOVERNANCE

The Board considers that good corporate governance practices of the Company are crucial to the smooth and effective operation of the Group and the safeguarding of the interests of the Shareholders and other stakeholders. The Company complied with the code provisions set out in the Corporate Governance Code (the "Code") contained in Appendix 14 to the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited ("the Listing Rules") during the nine months ended 31 December 2015 except for the following deviations from the Code provision:

- 1) Code Provision A.2.1 stipulated that the roles of chairman and chief executive officer should be separate and should not be performed by the same individual. During the Period, Mr. Chung Yuk Lun acted as the Company's Acting Chairman from 1 April 2015 to 30 April 2015 and was re-designated and acted as the Chairman from 1 May 2015 to 26 October 2015. The Company has no such title as chief executive officer but the daily operation and management of the Company were monitored by Mr. Chung Yuk Lun, an executive Director, who was also the Acting Chairman of the Company. Since the appointment of Dr. Kwong Kai Sing, Benny as the managing director of the Company on 1 May 2015, the daily operation and management of the Company have been monitored by the managing director of the Company until 26 October 2015. Since 26 October 2015, the overall responsibility of supervising and ensuring that the Group functions in line with the order of the Board in terms of day-to-day operation and execution is vested in the Board itself.

COMPLIANCE WITH THE MODEL CODE

The Company adopted the Model Code set out in Appendix 10 to the Listing Rules (the “Model Code”) as the Company’s code of conduct regarding securities transactions by Directors. Having made specific enquiries of all Directors, they confirmed that they had complied with the required standards as set out in the Model Code throughout the nine months ended 31 December 2015.

REVIEW OF CONSOLIDATED FINANCIAL INFORMATION

The Audit Committee of the Company consists of all of the independent non-executive directors of the Company, namely Mr. Chau Shing Yim, David, Mr. Nie Zhixin and Mr. Chen Haiquan. The Audit Committee assists the Board in providing an independent review of the completeness, accuracy and fairness of the financial statements of the Group, as well as the efficiency and effectiveness of the Group’s operations and internal controls. The Audit Committee has reviewed the results of the Group for the nine months ended 31 December 2015.

PUBLICATION OF FINAL RESULTS ANNOUNCEMENT ON THE STOCK EXCHANGE WEBSITE

This final results announcement is also published on the Stock Exchange’s website (<http://www.hkex.com.hk>) and the Company’s website (<http://www.htmimi.com>). The annual report containing all information required by the Listing Rules will be dispatched to the Shareholders and will be available on websites of the Stock Exchange and the Company in due course.

FORWARD LOOKING STATEMENTS

There can be no assurance that any forward-looking statements regarding the business development of the Group set out in this Announcement or any of the matters set out therein are attainable, will actually occur or will be realised or are complete or accurate. Shareholders and/or potential investors of the Company are advised to exercise caution when dealing in the securities of the Company and not to place undue reliance on the information disclosed herein. Any holder of securities or potential investor of the Company who is in doubt is advised to seek advice from professional advisors.

By Order of the Board
HengTen Networks Group Limited
Peng Jianjun
Chairman

Hong Kong, 21 March 2016

As at the date of this announcement, the executive directors of the Company are Mr. Peng Jianjun, 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 and Mr. Chen Haiquan.