汇通达
HUITONGDA

Huitongda Network Co., Ltd.
匯通達網絡股份有限公司

(A joint stock company incorporated in the People's Republic of China with limited liability)

(Stock Code: 9878)

CONNECTED TRANSACTION
DISPOSAL OF 26.7143% EQUITY INTEREST IN HUITONE DATATECH

DISPOSAL

The Board is pleased to announce that on May 13, 2025 (after the trading hours), the Company entered into the Equity Transfer Agreement with Nanjing Huidefu, whereby the Company intended to agree to dispose of, and Nanjing Huidefu intended to agree to acquire 26.7143% equity interest in Huitone Datatech at a consideration of RMB25,378,585.

Upon completion of the Disposal, the Company will hold 51% equity interest in Huitone Datatech. Huitone Datatech will continue to be a subsidiary of the Company and the financial results of Huitone Datatech will continue to be consolidated into the financial statements of the Group.

LISTING RULES IMPLICATIONS

As at the date of this announcement, Mr. Sun Chao is an executive Director, and therefore is a connected person of the Company in accordance with Chapter 14A of the Listing Rules. In addition, as at the date of this announcement, Mr. Sun Chao holds 80% interest in Nanjing Huidefu as a general partner and an executive partner, therefore, Nanjing Huidefu is an associate of Mr. Sun Chao and a connected person of the Company in accordance with Chapter 14A of the Listing Rules. As such, the Disposal constitutes a connected transaction of the Company.

As the highest applicable percentage ratio (as defined in Rule 14.07 of the Listing Rules) of the Disposal exceeds 0.1% but is lower than 5%, the Disposal is subject to the reporting and announcement requirements under Chapter 14A of the Listing Rules but is exempted from the independent shareholders' approval requirement.

BACKGROUND

The Board is pleased to announce that on May 13, 2025 (after the trading hours), the Company entered into the Equity Transfer Agreement with Nanjing Huidefu, whereby the Company intended to agree to dispose of, and Nanjing Huidefu intended to agree to acquire 26.7143% equity interest in Huitone Datatech at a consideration of RMB25,378,585.

Upon completion of the Disposal, the Company will hold 51% equity interest in Huitone Datatech. Huitone Datatech will continue to be a subsidiary of the Company and the financial results of Huitone Datatech will continue to be consolidated into the financial statements of the Group.

EQUITY TRANSFER AGREEMENT

The principal provisions of the Equity Transfer Agreement are set out below:

Date

May 13, 2025

The Parties

(1) The Company (as the transferor); and

(2) Nanjing Huidefu (as the transferee).

Subject Matter

The Company intended to agree to dispose of, and Nanjing Huidefu intended to agree to acquire 26.7143% equity interest in Huitone Datatech.

Consideration and Payment Terms

The consideration for the Disposal is RMB25,378,585. The consideration was determined with reference to the appraised value of the entire shareholders' equity of Huitone Datatech as at December 31, 2024 (the "**Appraisal Benchmark Date**") in an appraisal report prepared by Jinzheng (Shanghai) Asset Appraisal Co., Ltd. (金證(上海)資產評估有限公司), a qualified independent valuer in the PRC (the "**Valuer**"), and after arm's length negotiations between the parties. According to the assets appraisal report issued by the Valuer on April 10, 2025, the entire shareholders' equity of Huitone Datatech was appraised using the income approach, and its appraised value as at the Appraisal Benchmark Date was RMB95,000,000.

The consideration for the Disposal will be paid by Nanjing Huidefu to the Company in cash. Specifically, Nanjing Huidefu shall pay RMB5,378,585 to the Company by June 30, 2025 and all the remaining payments shall be fully settled by June 30, 2029.

Delivery

The Company and Nanjing Huidefu shall cooperate with Huitone Datatech to complete the registration procedures for industrial and commercial change in relation to the Disposal within 15 days after the execution of the Equity Transfer Agreement.

Conditions Precedent

The Equity Transfer Agreement shall become effective upon signing by both parties or authorised representatives of the parties and affixing of company seals.

PROFIT FORECAST

The income approach has been adopted in preparing the valuation of the entire shareholders' equity interest in Huitone Datatech (the "**Valuation**"), which constitutes a profit forecast under Rule 14.61 of the Listing Rules (the "**Profit Forecast**"). In accordance with Rule 14.60A of the Listing Rules, details of key assumptions underlying the Valuation and other relevant information are set out in Appendix I to this announcement.

KPMG, the reporting accountants of the Company, has reported on the calculations of the discounted future cash flows used in the Valuation. The Board has confirmed that the Profit Forecast has been made after due and careful enquiry. In accordance with Rule 14.60A of the Listing Rules, the letters from KPMG and the Board are set out in Appendix II and Appendix III to this announcement, respectively.

Experts and Consent

Names	Qualification
Jinzheng (Shanghai) Asset Appraisal Co., Ltd. (金證(上海)資產評估有限公司)	Qualified independent valuer in the PRC
KPMG	Certified Public Accountants

To the best of the Directors' knowledge, information and belief, having made all reasonable enquiries, the above experts are third parties independent of the Group and its connected persons. As at the date of this announcement, the above experts have no shareholding in any member of the Group or any right (whether legally enforceable or not) to subscribe for or to nominate other persons to subscribe for securities in any member of the Group. The above experts have issued and have not withdrawn their written consent to the publication of this announcement with a copy of their letters and/or references to their names (including their qualifications) and their advice included in this announcement in the form and context in which it is included.

INFORMATION ON HUITONE DATATECH

Huitone Datatech is a limited liability company established in September 2019 under the laws of the PRC. As at the date of this announcement, Huitone Datatech is owned as to 77.7143%, 19.4286% and 2.8571% by the Company, Tianjin Huidefu Enterprise Management Consulting Partnership (Limited Partnership) (天津匯得福企業管理諮詢合夥企業 (有限合夥)) and Xuchang Huiliutong Equity Investment Fund Partnership (Limited Partnership) (許昌匯鎏通股權投資基金合夥企業(有限合夥)), respectively. Huitone Datatech is a technology service provider that empowers family-run businesses in lower-tier markets and small and medium-sized brandname owners, retailers and distributors by leveraging cloud service and artificial intelligence. Its principal business is SaaS subscription service and merchant solution service, serving family-run businesses in lower-tier markets and retailers through digital, intelligent and other solution services.

The major financial information of Huitone Datatech for the years ended December 31, 2023 and December 31, 2024 based on the audited consolidated accounts prepared in accordance with the China Accounting Standards for Business Enterprises ("**CASBEs**"), is set forth below:

	Year Ended December 31, 2023 *RMB0'000*	**Year Ended December 31, 2024** *RMB0'000*
Operating income	65,321.88	61,361.16
Loss before taxation	298.20	1,655.74
Loss after taxation	298.20	1,655.74

The total assets and net assets of Huitone Datatech as at December 31, 2024 were RMB261.3725 million and RMB1.5550 million respectively, based on the audited consolidated accounts prepared in accordance with the CASBEs.

REASONS FOR AND BENEFITS OF THE DISPOSAL

AI+SaaS business is one of the Group's key areas of development. The Directors believe the Disposal will stimulate the innovation vitality and operation efficiency of the management team of Huitone Datatech through deeply binding the core AI and technology talents of the Group with equity incentive mechanism. It will also help attract talents and enhance the Group's market position in the industry, which lays a strong foundation for the Group to expand in the industry. In view of the above, the Disposal is beneficial to the long-term development of the Group and is in the interests of the Group and the Shareholders.

FINANCIAL IMPACT OF THE DISPOSAL AND USE OF PROCEEDS

Immediately after completion of the Disposal, the Company's equity interest in Huitone Datatech will decrease from 77.7143% to 51%. Huitone Datatech will continue to be a subsidiary of the Company and the financial results of Huitone Datatech will continue to be consolidated into the financial statements of the Group.

As the Disposal will not result in the Company losing control over Huitone Datatech, the Disposal will be accounted for as an equity transaction, and it is expected that the Disposal will not result in the Group recognising any material gain or loss in profit or loss upon completion of the Disposal.

The net proceeds are intended to be used as general working capital of the Company.

OPINION OF THE BOARD

As (1) Mr. Sun Chao, the executive Director, is a general partner and executive partner of Nanjing Huidefu in which he is interested , and (2) Mr. Xu Xiuxian, the executive Director, is an executive director of Huitone Datatech, they are therefore deemed to be connected with the Disposal, and they have abstained from voting on the Board resolution approving the Disposal. Save as disclosed above, none of the other Directors has any material interest in the relevant Board resolution and none of the other Directors is required to abstain from voting on the relevant Board resolution.

The Board (other than the Director who is required to abstain from voting but including the independent non-executive Directors) considers that the terms of the Equity Transfer Agreement, which are made on normal commercial terms, are fair and reasonable and in the interests of the Company and the Shareholders as a whole, notwithstanding that the Disposal is not in the ordinary course of business of the Company.

INFORMATION ABOUT THE RELEVANT PARTIES

The Company is a joint stock company with limited liabilities established under the laws of the PRC on December 6, 2010. The Company serves as a leading platform for trading and service in the PRC, which is dedicated to serving enterprise customers in the retail industry in markets in lower-tier cities, providing customers with a stable one-stop supply chain and SaaS services.

Nanjing Huidefu, a limited partnership established under the laws of the PRC on April 10, 2025, is the shareholding platform of the management team of Huitone Datatech. As at the date of this announcement, Nanjing Huidefu is owned as to 80% by Mr. Sun Chao (as a general partner and an executive partner) and 20%, in aggregate, by 4 limited partners, all of whom are the senior management of Huitone Datatech and are not connected persons of the Company.

LISTING RULES IMPLICATIONS

As at the date of this announcement, Mr. Sun Chao is an executive Director, and therefore is a connected person of the Company in accordance with Chapter 14A of the Listing Rules. In addition, as at the date of this announcement, Mr. Sun Chao holds 80% interest in Nanjing Huidefu as a general partner and an executive partner, therefore, Nanjing Huidefu is an associate of Mr. Sun Chao and a connected person of the Company in accordance with Chapter 14A of the Listing Rules. As such, the Disposal constitutes a connected transaction of the Company.

As the highest applicable percentage ratio (as defined in Rule 14.07 of the Listing Rules) of the Disposal exceeds 0.1% but is lower than 5%, the Disposal is subject to the reporting and announcement requirements under Chapter 14A of the Listing Rules but is exempted from the independent shareholders' approval requirement.

DEFINITIONS

In this announcement, unless the context otherwise requires, the following terms and expressions have the meanings set forth below.

"associate(s)"	has the meaning ascribed to it under the Listing Rules
"Board"	the board of directors of our Company
"China" or "PRC"	the People's Republic of China, excluding, for the purpose of this announcement, Hong Kong and Macao Special Administrative Regions and Taiwan
"Company"	Huitongda Network Co., Ltd. (匯通達網絡股份有限公司), a joint stock company with limited liabilities established under the laws of the PRC on December 6, 2010, whose H Shares are listed on the Main Board of the Hong Kong Stock Exchange (stock code: 9878)
"connected person(s)"	has the meaning ascribed to it under the Listing Rules
"connected transaction"	has the meaning ascribed to it under the Listing Rules
"Director(s)"	director(s) of the Company

"Disposal"	the disposal of 26.7143% equity interest in Huitone Datatech by the Company to Nanjing Huidefu pursuant to the terms and conditions of the Equity Transfer Agreement
"Equity Transfer Agreement"	the Equity Transfer Agreement entered into between the Company and Nanjing Huidefu on May 13, 2025 (after the trading hours) in relation to the transfer of 26.7143% equity interest in Huitone Datatech
"Group"	the Company and its subsidiaries
"Hong Kong" or "HK"	the Hong Kong Special Administrative Region of the PRC
"Hong Kong Stock Exchange"	The Stock Exchange of Hong Kong Limited
"H Share(s)"	overseas listed foreign shares in the share capital of our Company with a nominal value of RMB1.00 each, which are subscribed for and traded in HK dollars and are listed on the Hong Kong Stock Exchange
"Huitone Datatech"	Huitone Datatech Smart Technology Co., Ltd. (匯通數科智能科技有限公司), a non-wholly owned subsidiary of the Company
"Listing Rules"	the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (as amended, supplemented or otherwise amended from time to time)
"Nanjing Huidefu"	Nanjing Huidefu Enterprise Management Consulting Partnership (Limited Partnership) (南京匯得福企業管理諮詢合夥企業(有限合夥))
"RMB"	Renminbi, the lawful currency of the PRC
"SaaS"	software as a service

"Shareholder(s)"	shareholder(s) of the Company
"subsidiary(ies)"	has the meaning ascribed to it under the Listing Rules
"%"	percentage

By order of the Board
Huitongda Network Co., Ltd.
Chairman
WANG Jianguo

Nanjing, the PRC
May 13, 2025

As at the date of this announcement, the Board comprises the chairman and non-executive Director, namely Mr. WANG Jianguo; the executive Directors, namely Mr. XU Xiuxian, Mr. ZHAO Liangsheng and Mr. SUN Chao; the non-executive Directors, namely Mr. CAI Zhongqiu and Ms. XU Di; and the independent non-executive Directors, namely Ms. YU Lixin, Mr. LIU Xiangdong and Mr. DIAO Yang.

APPENDIX I: KEY ASSUMPTIONS UNDERLYING THE VALUATION AND OTHER RELEVANT INFORMATION

I. VALUATION METHODS

According to the valuation report, the basic methods for enterprise valuation mainly include the income approach, market approach, and asset-based approach. Based on the valuation purpose, valuation target, type of value, data collection status, and other relevant conditions, the Valuer analysed the applicability of the three methods and selected the appropriate valuation method.

In principle, the valuation methods adopted for this valuation are the asset-based approach and the income approach. After considering the applicability of the valuation methods and the purpose of the valuation, the final valuation conclusion was determined based on the result of the income approach. The reasons are as follows:

The market approach refers to a method that determines the value of the valuation target by comparing it with comparable publicly listed companies or comparable transaction cases. As it is difficult to find sufficient comparable publicly listed companies or transaction cases in the same industry that are similar to Huitone Datatech in terms of business operations and scale, the Valuer did not adopt the market approach.

The asset-based approach refers to a method that determines the value of the valuation target based on a reasonable evaluation of the identifiable assets and liabilities recorded on and off its balance sheet as of the Appraisal Benchmark Date. As the assets, liabilities, and major off-balance-sheet assets of Huitone Datatech as of the Appraisal Benchmark Date are identifiable and can be separately assessed using appropriate methods, the Valuer considered that the conditions for applying the asset-based approach are met.

The income approach refers to a method that determines the value of the valuation target by capitalizing or discounting expected income. As Huitone Datatech's future income period and income amount can be forecasted and measured in monetary terms, and the risks borne to obtain the expected income can also be quantified, the Valuer considered that the conditions for applying the income approach are met.

The Valuer's conclusions based on the asset-based approach are as follows:

As of the Appraisal Benchmark Date, the carrying amount of total assets of Huitone Datatech was RMB261,372,500, with an appraised value of RMB325,547,000, resulting in an appreciation of RMB64,174,500 and an appreciation rate of 24.55%. The carrying amount of total liabilities was RMB259,817,500, which matches the appraisal value of RMB259,817,500, showing no fluctuation in value. The carrying amount of total equity (net assets) attributable to shareholders was RMB1,555,000, while the appraisal value was RMB65,729,500, leading to an appreciation of RMB64,174,500 and an appreciation rate of 4,126.98%.

The Valuer's conclusions based on the income approach are as follows:

As of the Appraisal Benchmark Date, the appraisal value of total equity attributable to shareholders of Huitone Datatech was RMB95,000,000, representing an increase of RMB93,445,000 over the audited carrying amount of owner's equity, which corresponds to an appreciation rate of 6,009.41%.

Huitone Datatech primarily engages in business intelligence digital technology and operation services, providing integrated services such as store SaaS+ services and B2B marketplace corporate centralised procurement solutions for traditional retail stores and enterprise-level clients. It has served over 100,000 end retail customers and 150 enterprise-level clients, offering one-stop digital transformation and upgrade solutions that encompass consulting and design, implementation and delivery, and full-process advisory operation services. Huitone Datatech places a strong emphasis on technological research and development, possesses multiple software copyrights and patents, and has been recognized as a "High-tech Enterprise" and a "Software Enterprise of Jiangsu Province". The main value of Huitone Datatech, beyond tangible resources such as fixed assets and working capital, also includes significant contributions from intangible resources, such as technological capabilities, service capabilities, research and development capacity, and talent teams. The asset-based approach can only assess individual tangible and identifiable intangible assets but cannot fully reflect the contribution of the entire asset portfolio to a company. It also fails to adequately measure the synergistic effects that may arise from the interrelationship and organic combination of various assets. The overall income-generating ability of a company shall be seen as the result of the interaction of all environmental factors and internal conditions. Since the value inherent in the income approach includes a company's unidentifiable intangible assets, the valuation results are higher than those derived from the asset-based approach. In this valuation, the income approach considered the company's operational strategy, revenue, cash flow, and risk factors in a fundamentally reasonable manner. Compared to the asset-based approach, the income approach provides a more objective and comprehensive reflection of the market fair value of Huitone Datatech. Therefore, the final assessment conclusion adopts the results derived from the income approach.

II. APPRAISAL ASSUMPTIONS

(I) General Assumptions

1. Trading assumption: the valuation is carried out based on simulated market conditions such as the trading conditions of the assets to be evaluated assuming that all assets to be evaluated are already in the trading process. The transaction assumption is the most fundamental assumption for the performance of asset valuation.

2. Open market assumption: it refers to the assumption that assets can be traded freely in a fully competitive market and their price depends on the value judgment of independent buyers and sellers under the supply conditions of a certain market.

3. Going-concern assumption: it refers to the assumption that the operating activities of an operating entity can continue, and that the operating activities of the entity will not be suspended or terminated in a predictable time in the future.

(II) Special Assumptions

1. It is assumed that after the Appraisal Benchmark Date, there will be no significant change in the laws, regulations, macro-economy, as well as political, economic, and social environment of the countries and regions where Huitone Datatech operates;

2. It is assumed that after the Appraisal Benchmark Date, there will be no other significant changes in national macro-economic, industrial and regional development policies (other than those already known to the public);

3. It is assumed that there will be no significant changes in tax policy and credit policy in relation to Huitone Datatech and the tax rate, interest rate and policy fee rate are basically stable;

4. It is assumed that after the Appraisal Benchmark Date, the management of Huitone Datatech is responsible and stable and is capable of fulfilling the duties;

5. It is assumed that Huitone Datatech fully complies with all relevant laws and regulations and there is no material non-compliance that will affect the company's development and profit realization;

6. It is assumed that the basic information, financial information and operating information provided by the Company and Huitone Datatech is true, accurate, and complete;

7. It is assumed that after the Appraisal Benchmark Date, there are no other uncontrollable or unforeseeable factors that will have a significant adverse impact on Huitone Datatech;

8. It is assumed that the accounting policies that Huitone Datatech will adopt after the Appraisal Benchmark Date are basically consistent with those used in writing this valuation report in important aspects;

9. It is assumed that after the Appraisal Benchmark Date, the business scope, mode and business structure of Huitone Datatech are basically the same as at present on the basis of the existing management mode and management level, regardless of the potential impact due to the unpredictable changes in management, business strategy and business environment in the future;

10. It is assumed that all business qualifications owned by Huitone Datatech can be successfully renewed upon expiration in the future under the existing renewal conditions;

11. It is assumed that Huitone Datatech will continue to be recognized as a high-tech enterprise in the future under the existing recognition conditions for high-tech enterprises, and enjoy a preferential enterprise income tax rate of 15%;

12. It is assumed that after the Appraisal Benchmark Date, the cash inflow of Huitone Datatech is the average inflow and the cash outflow is the average outflow.

III. APPRAISAL MODELS AND KEY INPUTS

(I) Asset-based Approach

1. Current assets

The current assets within the scope of appraisal include monetary funds, accounts receivable, prepayments, other receivables, inventory and other current assets.

(1) Monetary funds

These include bank deposit and other monetary funds. Verified book value shall be treated as the appraised value.

(2) Accounts receivable

These include trade receivables and other receivables. For various receivables, subject to verification of the correctness, the appraisal value is determined on the basis of the amount that may be recovered from each receivable, with the assistance of the historical information and on-site investigation, and the specific analysis shall be made to determine the amount, time and reason for the non-payment of the amount, the recovery of the amount, the funds of the defaulters, their creditworthiness, their current status of operation and management, etc. For those accounts receivable for which there were sufficient reasons to believe that they could all be recovered, the appraisal value is calculated on the basis of the entire amount of receivables; for those accounts receivable for which there was a high probability that part of the amount would not be recovered, when it was difficult to ascertain the amount of the unrecoverable amount of the accounts receivable, in accordance with the ageing analysis method, this portion of probably unrecoverable amounts is estimated and deducted as risk loss to calculate the appraisal value, and the item of "provision for bad debts" in the accounts is appraised as zero.

(3) Prepayments

The appraisal value shall be determined based on the value of assets or rights in the form of underlying goods that are recoverable. Verified book value shall be treated as the appraised value when underlying goods or rights are recoverable. The appraisal value of prepayments shall be measured at zero when there is obvious evidence indicating that underlying goods are unrecoverable and may not form the underlying assets or rights.

(4) Inventory

It represents inventory commodities. The appraisal value of inventory commodities is determined based on the amount verified upon inspection to be multiplied by the prevailing purchase price in the market plus reasonable freight and miscellaneous fees, wastage, inspection and acceptance fees for admission into warehouse and other reasonable fees.

(5) Other current assets

On the basis of understanding the reasons and formation process of other current assets and verifying the accuracy of the amount, the appraisal value is determined according to the amount of the remaining beneficial rights or the recoverable value of the assets.

2. Other non-current financial assets

For equity investments that are not individually assessable, the appraisal value is determined by special methods such as the statement analysis and the recent transaction price.

3. Long-term equity investments

For long-term equity investments that are not individually assessable, the appraisal value is determined by special methods such as the statement analysis.

4. Fixed assets

(1) Equipment

Based on the characteristics of each type of equipment, the type of value, data collection and other relevant conditions, the cost method is adopted for valuation with the basic formula as follows:

Appraisal value = Replacement cost × Comprehensive newness rate

① Determination of replacement cost

In accordance with the Notice on Several Issues Concerning the National Implementation of the Reform of Value-added Tax Transformation (《關於全國實施增值稅轉型改革若干問題的通知》) (Cai Shui [2008] No. 170), the Notice on Issues Concerning the Deduction of Input Tax for Fixed Assets (《關於固定資產進項稅額抵扣問題的通知》) (Cai Shui [2009] No. 113) and the Notice on Comprehensive Implementation of the Pilot Program for Replacing Business Tax with Value-added Tax (《關於全面推開營業稅改徵增值稅試點的通知》) (Cai Shui [2016] No. 36), for the general value-added tax (VAT) taxpayers, the replacement cost of the equipment should be deducted by the corresponding amount of deductible VAT if it satisfies the VAT deductible conditions.

The formula for calculating the replacement cost of electronic and other equipment is as follows:

Replacement cost = Current price of equipment − Deductible VAT amount

② Determination of the comprehensive newness rate

For general electronic and other equipment with small value amount, the newness rate is determined directly by the service life method, the formula of which is as follows:

Newness rate＝ (Economic service life－Used life)÷Economic service life×100%

For some electronic equipment with an earlier date of acquisition, the valuation is based on the second-hand market price as at the Appraisal Benchmark Date.

5. *Intangible Assets*

(1) Other Intangible Assets – Patents

For patents, the income approach (income sharing method) is adopted for the valuation this time. Based on the prediction of future operating revenues related to the technology, the income sharing ratio is used to estimate the contribution amount of the technology-related intangible assets to the sales revenue, and an appropriate discount rate is used to discount it to the present value, so as to determine the valuation of the technology-related intangible assets. The basic formula is as follows:

$$V = \sum_{i=1}^{n} \frac{F_i \times K_i \times (1-T_i)}{(1+r)^i}$$

Where: V – valuation of the technology;

r – discount rate of the technology;

n – earning period of the technology;

F_i – operating revenue related to the technology in the i-th period in the future;

K_i – income sharing ratio of the technology in the i-th period in the future;

T_i – corporate income tax rate in the i-th period in the future.

Determination of discount rate

The discount rate is calculated using the risk accumulation method, and the basic formula is as follows:

Discount rate of intangible assets＝Risk-free rate＋Risk premium rate

① Risk-free rate

Based on data compiled by China Central Depository & Clearing Co., Ltd. and published on ChinaBond, the yield to maturity of the six-year government bonds as at the Appraisal Benchmark Date is 1.51% (rounded to two decimal places), which was used as the risk-free rate for this valuation.

② Risk premium rate

The risk premium rate comprises technological risk premium rate, market risk premium rate, funding risk premium rate and operational risk premium rate, each within the range of 0% to 8%. In this valuation, the values of each risk premium rate are derived through interpolation based on their ranges and adjustment coefficients.

Based on the calculation of each risk premium rate, the risk premium rate is calculated as follows:

Risk premium rate = Technological risk premium rate + Market risk premium rate + Funding risk premium rate + Operational risk premium rate

= 2.72% + 3.66% + 4.80% + 3.20%

= 14.38% (rounded to two decimal places)

③ Calculation of discount rate

Discount rate of intangible assets = Risk-free rate + Risk premium rate

= 1.51% + 14.38%

= 15.89%

(2) Other Intangible Assets – Trademarks

For trademarks, the cost approach is adopted for the valuation this time, and the basic formula is as follows:

Trademark valuation = Replacement cost × (1 – Depreciation rate)

(3) Other Intangible Assets – Software Copyrights

For software copyrights, which are packaged with patents, the income approach is adopted for the valuation.

(4) Other Intangible Assets – Domain

For domain, the cost approach is adopted for the valuation this time, and the basic formula is as follows:

Domain valuation = Replacement cost × (1 – Depreciation rate)

6. Liabilities

The liabilities within the scope of the valuation include accounts payable, contract liabilities, employee benefits payable, taxes payable, other payables, and other current liabilities. The valuation amount is determined according to the liability items and amounts that the enterprise actually needs to bear.

(II) Income Approach

Based on the industry in which the unit being valued operates, its business model, capital structure, development trend, etc., the discounted cash flow method, specifically the enterprise free cash flow discount model, is selected for the income approach valuation this time. That is, the enterprise free cash flows within the future income period are discounted using an appropriate discount rate and then summed up to calculate the value of operating assets. Then, the value of surplus assets, non-operating assets and liabilities is added, and the value of interest-bearing debt is subtracted. Finally, the value of all shareholders' equity is determined. The calculation formula of the enterprise free cash flow discount model is as follows:

Value of all shareholders' equity = Total value of the enterprise – Value of interest-bearing debt

Total value of the enterprise = Value of operating assets + Value of surplus assets + Value of non-operating assets and liabilities

1. Value of operating assets

The value of operating assets includes the present value of free cash flow of the enterprise in the detailed forecast period and the present value of free cash flow of the enterprise in the perpetual period after the detailed forecast period, which is calculated as follows:

$$V = \sum_{i=1}^{n} \frac{F_i}{(1+r)^i} + \frac{F_{n+1}}{(r-g)\times(1+r)^n}$$

Wherein: V – the value of operating assets of the enterprise as at the Appraisal Benchmark Date;

F_i – the expected free cash flow of the enterprise for the i-th income period in the future;

F_{n+1} – the expected free cash flow of the enterprise in the first year of the perpetual period;

r – the discount rate;

n – the detailed forecast period;

i – the i-th year of the detailed forecast period;

g – the perpetual growth rate after the detailed forecast period.

(1) Determination of free cash flow of the enterprise

The free cash flow of the enterprise refers to the cash flow that can be freely disposed of by all providers of capital of the enterprise and is calculated as follows:

The free cash flow of the enterprise = net profit + interest on interest-bearing debt after tax + depreciation and amortization – capital expenditure – increase in working capital

(2) Determination of discount rate

The income approach assessment adopts the enterprise free cash flow discounting model, and selects the weighted average cost of capital (WACC) as the discount rate, which is calculated as follows:

$$WACC = R_d \times (1 - T) \times \frac{D}{D+E} + R_e \times \frac{E}{D+E}$$

Wherein: R_e – the cost of equity capital;

R_d – the cost of interest-bearing debt capital;

E – the equity value;

D – the value of interest-bearing debt;

T – the corporate income tax rate.

The assessment adopts the Capital Asset Pricing Model (CAPM) to determine the cost of equity capital of the company, and the calculation formula is as follows:

$$R_e = R_f + \beta \times (R_m - R_f) + \varepsilon$$

Wherein: R_e – the cost of equity capital;

R_f – the risk-free interest rate;

β – the adjustment factor for systemic risk of equity;

$(R_m\text{-}R_f)$ – the market risk premium;

ε – the specific risk premium rate.

Determination of the risk-free rate (R_f)

Based on data compiled by China Central Depository & Clearing Co., Ltd. and published on ChinaBond, the yield to maturity of the 10-year government bonds as at the Appraisal Benchmark Date is 1.68%, which was used as the risk-free rate for this valuation.

Determination of the market risk premium (R_m-R_f)

For this valuation, China's market risk premium is calculated based on the historical data of China's stock market indices and government bond yield curves. First, the annual data of the CSI 300 Net Return Index published by China Securities Index Co., Ltd., which more comprehensively reflects the stock returns of the Shanghai and Shenzhen markets, were selected to calculate the annualized stock market return for each year over the past decade since the base date using the geometric mean method. Next, the 10-year government bond yield to maturity data prepared by China Central Depository & Clearing Co., Ltd. and published on ChinaBond were used as the risk-free rate for each year over the past decade. Finally, the annualized stock market return for each year over the past decade since the base date was subtracted from the corresponding year's risk-free rate to arrive at the market risk premium for each year over the past decade. After comprehensive analysis, the market risk premium adopted for this valuation is 6.06%.

Determination of capital structure ratio (D/E)

For this valuation, the average capital structure ratio of comparable listed companies was referenced as the target capital structure ratio for the subject entity. Based on the calculation, the average capital structure ratio (D/E) of the comparable listed companies was determined to be 7%.

Determination of beta coefficient (β)

The beta coefficient (equity systematic risk adjustment factor) for unlisted companies is typically derived by adjusting the average beta coefficient of multiple comparable listed companies. The calculation formula is as follows:

$$\beta_L = \beta_U \times [1 + (1\text{-}T) \times \frac{D}{E}]$$

Wherein: β_L – beta coefficient with financial leverage;

β_U – beta coefficient without financial leverage;

T – enterprise income tax rate;

D/E – ratio of interest-bearing debt to equity capital value.

Based on the data of comparable listed companies in the information transmission, software, and information technology services sector, including, beta coefficients with financial leverage, enterprise income tax rates, and capital structure ratios, the average unlevered beta coefficient (β_U) for the industry was calculated to be 0.9451 after adjusting for financial leverage.

Based on the aforementioned parameters, the beta coefficient (β_L) for the subject entity was determined to be 1.001.

Determination of specific risk premium rate (ε)

The specific risk premium rate refers to the premium rate of non-systematic risks caused by specific factors of the valuation target itself, adjusted for the difference between the valuation target and the selected comparable listed company in terms of enterprise scale, management ability and development stage. For enterprise scale, specific risk premium rate is 1%. For operation management ability, specific risk premium rate is 1.5%. For development stage, specific risk premium rate is 1.5%. Considering the above factors, the specific risk premium rate is 4%.

Calculation of cost of equity capital (R_e)

The cost of equity capital is calculated to be 11.7% after applying above inputs to the formula for calculating the cost of equity capital.

Determination of cost of interest-bearing debt capital (R_d)

The cost of interest-bearing debt capital is determined to be 3.16% based on the loan prime rate (LPR) published by the National Interbank Funding Center authorized by the People's Bank of China and the proportion of short-term interest-bearing debt and long-term interest-bearing debt of comparable companies in the same industry.

Calculation of weighted average cost of capital (WACC)

The weighted average cost of capital (discount rate) is calculated to be 11.1% after applying above inputs to the formula for calculating the weighted average cost of capital.

(3) Determination of duration of return

In accordance with the requirements of laws and administrative regulations, and after analyzing factors including the nature and type of the assessed enterprise, the current situation and development prospects of its industry, its operating conditions, asset characteristics, and resource endowments, the duration of return is determined to be of indefinite term. The duration of return is segmented into two stages for the purpose of this assessment, i.e. the detailed forecast period and the perpetual period. The detailed forecast period extends from the Appraisal Benchmark Date to December 31, 2032, with the perpetual period commencing from 2033.

(4) Basis for income forecasting

In this assessment, income forecasting and the income approach assessment are based on the standalone financial statements of the assessed enterprise. Long-term equity investments and other non-current financial assets are separately analyzed and assessed as non-operating assets.

2. *Value of surplus assets*

Surplus assets refer to those assets that, as at the Appraisal Benchmark Date, exceed the requirements for the enterprise's production and business operations and are not included in the forecast of the enterprise's free cash flows beyond the Appraisal Benchmark Date. Under the income approach, surplus assets are separately analyzed and assessed.

3. *Value of non-operating assets and liabilities*

Non-operating assets and liabilities refer to those assets and liabilities that are unrelated to the day-to-day operations of the assessed enterprise and are not included in the forecast of the enterprise's free cash flows beyond the Appraisal Benchmark Date. Under the income approach, non-operating assets and liabilities are separately analyzed and assessed.

4. *Value of interest-bearing debts*

Interest-bearing debts refer to the liabilities of the assessed enterprise for which interest payments are due as at the Appraisal Benchmark Date. Under the income approach, interest-bearing debts are separately analyzed and assessed.

The following is the text of a report received from the Company's reporting accountants, KPMG, Certified Public Accountants, Hong Kong, for inclusion in this announcement.

KPMG

REPORT ON THE DISCOUNTED FUTURE CASH FLOWS IN CONNECTION WITH THE VALUATION OF THE ENTIRE SHAREHOLDERS' EQUITY INTEREST IN 匯通數科智能科技有限公司 HUITONE DATATECH SMART TECHNOLOGY CO., LTD.*

TO THE BOARD OF DIRECTORS OF 匯通達網絡股份有限公司 HUITONGDA NETWORK CO., LTD.*

We refer to the discounted future cash flows on which the valuation (the "**Valuation**") dated April 10, 2025 prepared by 金證(上海)資產評估有限公司 Jinzheng (Shanghai) Asset Appraisal Co., Ltd.* in respect of the appraisal of the entire shareholders' equity interest in 匯通數科智能科技有限公司 Huitone Datatech Smart Technology Co., Ltd. (the "**Target Company**") as at December 31, 2024 is based. The Valuation is prepared based on the discounted future cash flows and is regarded as a profit forecast under paragraph 14.61 of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "**Listing Rules**").

Directors' Responsibilities

The directors of 匯通達網絡股份有限公司 Huitongda Network Co., Ltd. (the "**Directors**") are responsible for the preparation of the discounted future cash flows in accordance with the bases and assumptions determined by the Directors and as set out in the Valuation. This responsibility includes carrying out appropriate procedures relevant to the preparation of the discounted future cash flows for the Valuation and applying an appropriate basis of preparation; and making estimates that are reasonable in the circumstances.

Our Independence and Quality Management

We have complied with the independence and other ethical requirements of the Code of Ethics for Professional Accountants issued by the Hong Kong Institute of Certified Public Accountants ("**HKICPA**"), which is founded on fundamental principles of integrity, objectivity, professional competence and due care, confidentiality and professional behaviour.

Our firm applies Hong Kong Standard on Quality Management (HKSQM) 1 "Quality Management for Firms that Perform Audits or Reviews of Financial Statements, or Other Assurance or Related Services Engagements" which requires the firm to design, implement and operate a system of quality management including policies or procedures regarding compliance with ethical requirements, professional standards and applicable legal and regulatory requirements.

Reporting Accountants' Responsibilities

Our responsibility is to report, as required by paragraph 14.60A(2) of the Listing Rules, on the calculations of the discounted future cash flows used in the Valuation. The discounted future cash flows do not involve the adoption of accounting policies.

* *For identification purpose only*

Basis of Opinion

We conducted our engagement in accordance with the Hong Kong Standard on Assurance Engagements 3000 (Revised) "Assurance Engagements Other Than Audits or Reviews of Historical Financial Information" issued by the HKICPA. This standard requires that we plan and perform our work to obtain reasonable assurance as to whether, so far as the calculations are concerned, the Directors have properly compiled the discounted future cash flows in accordance with the bases and assumptions adopted by the Directors as set out in the Valuation. We performed procedures on the arithmetical calculations and the compilations of the discounted future cash flows in accordance with the bases and assumptions adopted by the Directors. Our work is substantially less in scope than an audit conducted in accordance with Hong Kong Standards on Auditing issued by the HKICPA. Accordingly, we do not express an audit opinion.

Opinion

In our opinion, so far as the calculations are concerned, the discounted future cash flows have been properly compiled in all material respects in accordance with the bases and assumptions adopted by the Directors as set out in the Valuation.

Other matters

Without qualifying our opinion, we draw to your attention that we are not reporting on the appropriateness and validity of the bases and assumptions on which the discounted future cash flows are based and our work does not constitute any valuation of the Target Company or an expression of an audit or review opinion on the Valuation.

The discounted future cash flows depend on future events and on a number of assumptions which cannot be confirmed and verified in the same way as past results and not all of which may remain valid throughout the period. Further, since the discounted future cash flows relates to the future, actual results are likely to be different from the discounted future cash flows because events and circumstances frequently do not occur as expected, and the differences may be material. Our work has been undertaken for the purpose of reporting solely to you under paragraph 14.60A(2) of the Listing Rules and for no other purpose. We accept no responsibility to any other person in respect of, arising out of or in connection with our work.

KPMG
Certified Public Accountants

8th Floor, Prince's Building
10 Chater Road
Central, Hong Kong

May 13, 2025

APPENDIX III: LETTER FROM THE BOARD ON PROFIT FORECAST

The following is the text of a report received from the Board, for the inclusion in this announcement.

Dear Sirs/Madams,

Reference is made to the announcement of Huitongda Network Co., Ltd. (the "**Company**") dated May 13, 2025 in relation to, among other things, (i) the disposal of 26.7143% equity interest in Huitone Datatech Smart Technology Co., Ltd. (匯通數科智能科技有限公司) to Nanjing Huidefu Enterprise Management Consulting Partnership (Limited Partnership) (南京匯得福企業管理諮詢合夥企業(有限合夥)) by the Company (the "**Transaction**"); and (ii) the Asset Valuation Report on the Value of Entire Shareholders' Equity of Huitone Datatech Smart Technology Co., Ltd. Involved in the Proposed Equity Transfer by Huitongda Network Co., Ltd. (Jin Zheng Ping Bao Zi (2025) No. 0160) issued by Jinzheng (Shanghai) Asset Appraisal Co., Ltd. (金證(上海)資產評估有限公司) (the "**Valuer**") in relation to the Transaction (the "**Valuation Report**"), and the Valuation constitutes a Profit Forecast under Rule 14.61 of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited.

We have reviewed the bases and assumptions on which the Valuation of the Valuer was based and have reviewed the Valuation for which the Valuer is responsible. We have also considered the letter dated May 13, 2025 issued by KPMG, the reporting accountants of the Company, regarding whether the calculations of the discounted future cash flows used in the Valuation have been duly prepared based on the bases and assumptions as set out in the Valuation Report. We note that, so far as the calculations are concerned, the discounted future cash flows have been properly compiled in all material respects in accordance with the bases and assumptions adopted by the Directors as set out in the Valuation Report.

Based on the above, we are of the view that the Profit Forecast as set out in the Valuation Report prepared by the Valuer has been made after due and careful enquiry.

The Board of Directors of
Huitongda Network Co., Ltd.

May 13, 2025