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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)

DISCLOSEABLE TRANSACTION
ACQUISITION OF 57% EQUITY INTEREST IN TARGET COMPANY

ACQUISITION

The Board is pleased to announce that on November 18, 2025 (after trading hours), the Company entered into the Equity Acquisition Agreement with the Target Company and its Founders. Pursuant to the agreement, the Company conditionally agreed to acquire, and the Transferor conditionally agreed to dispose of, 57% equity interest in the Target Company at a consideration of RMB456 million.

Upon completion of the Acquisition, the Company will hold 57% equity interest in the Target Company. The Target Company will become a subsidiary of the Company, and the financial results of the Target Company will be consolidated into the financial statements of the Group.

LISTING RULES IMPLICATIONS

As the highest applicable percentage ratio (as defined in Rule 14.07 of the Listing Rules) in respect of the Acquisition is more than 5% but less than 25%, the Acquisition constitutes a discloseable transaction of the Company and is subject to the reporting and announcement requirements under Chapter 14 of the Listing Rules, but is exempt from the Shareholders' approval requirement.

Since the Acquisition is subject to the satisfaction or waiver of certain payment conditions precedent set out in the Equity Transfer Agreement, the Acquisition may or may not proceed. Shareholders and potential investors of the Company are advised to exercise caution when dealing in the Company's shares.

BACKGROUND

The Board is pleased to announce that on November 18, 2025 (after trading hours), the Company entered into the Equity Acquisition Agreement with the Target Company and its Founders. Pursuant to the agreement, the Company conditionally agreed to acquire, and the Transferor conditionally agreed to dispose of, 57% equity interest in the Target Company at a consideration of RMB456 million.

Upon completion of the Acquisition, the Company will hold 57% equity interest in the Target Company. The Target Company will become a subsidiary of the Company, and the financial results of the Target Company will be consolidated into the financial statements of the Group.

EQUITY ACQUISITION AGREEMENT

The principal terms of the Equity Acquisition Agreement are set out as follows:

Date

November 18, 2025

Parties

(i) The Company;

(ii) The Target Company; and

(iii) The Founders.

To the best knowledge, information and belief of the Directors having made all reasonable enquiries, as at the date of this announcement, the Target Company, the Founders, and their ultimate beneficial owners are third parties independent of the Company and its connected persons.

Subject Matter

The Company conditionally agreed to acquire, and the Transferor conditionally agreed to dispose of, 57% equity interest in the Target Company.

Consideration and Payment Terms

The consideration for the Acquisition is RMB456 million, which will be financed by the self-raised funds of the Company.

The payment arrangement for the consideration is as follows:

(i) First installment of equity transfer payment: The Company shall pay RMB364.8 million to the Transferor within 15 business days from the date on which the Equity Acquisition Agreement becomes effective, all relevant payment conditions precedent (as detailed below) are satisfied or waived in writing by the Company and the procedures for the industrial and commercial registration of changes for the equity transfer under the Acquisition are completed;

(ii) Second installment of equity transfer payment: Upon the Target Company achieving the 2025 performance commitment stipulated in the Equity Acquisition Agreement, the Company shall pay RMB22.8 million to the Transferor within 15 business days from the date of issuance of the Target Company's audit report for 2025;

(iii) Third installment of equity transfer payment: Upon the Target Company achieving the 2026 performance commitment stipulated in the Equity Acquisition Agreement, the Company shall pay RMB22.8 million to the Transferor within 15 business days from the date of issuance of the Target Company's audit report for 2026;

(iv) Fourth installment of equity transfer payment: Upon the Target Company achieving the 2027 performance commitment stipulated in the Equity Acquisition Agreement, the Company shall pay RMB22.8 million to the Transferor within 15 business days from the date of issuance of the Target Company's audit report for 2027; and

(v) Fifth installment of equity transfer payment: Upon the Target Company achieving the 2028 performance commitment stipulated in the Equity Acquisition Agreement, the Company shall pay RMB22.8 million to the Transferor within 15 business days from the date of issuance of the Target Company's audit report for 2028.

Basis of Consideration

The consideration of the Acquisition was determined with reference to the appraised value of the entire shareholders' equity of the Target Company as at October 31, 2025 (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 among the parties, taking into account the factor of long-term strategic complementarity.

According to the appraisal report issued by the Valuer dated November 11, 2025, the entire shareholders' equity in the Target Company was appraised using the income method, and its appraised value as at the Appraisal Benchmark Date was RMB1,130 million. Based on the above valuation result and through arm's length negotiations among the parties after taking into account the factor of long-term strategic complementarity, the overall transaction valuation of the entire shareholders' equity of the Target Company as at the Appraisal Benchmark Date has been determined to be RMB800 million.

Effective Conditions

The Equity Acquisition Agreement shall become effective upon the signature and seal by the parties or their authorised representatives.

Payment Conditions Precedent

The Company's obligation to make payment under the Acquisition is conditional upon the full satisfaction (or written waiver by the Company) of the following conditions:

(i) The Company has not identified any breach by the Target Company or the Transferor of their obligations, representations, warranties or undertakings under the Equity Acquisition Agreement, and no material adverse change has occurred in the Target Company;

(ii) The Target Company has completed all necessary corporate actions required for the approval of the Acquisition and the related changes of directors and senior management, including but not limited to passing the relevant shareholders' resolutions and amending its articles of association, and the other shareholders of the Target Company (other than the Transferor) have waived their pre-emptive rights in respect of the Acquisition; and

(iii) The core management personnel of the Target Company shall commit to long-term service to the Target Company and shall enter into labor contracts, non-compete agreements and confidentiality agreements, with a term of no less than five years, and shall not resign during such period. In addition, the Founders undertake that during the period of serving the Target Company, the core management personnel shall not, directly or indirectly, engage in competitive business that is the same or similar to the Target Company or the Company within the PRC, nor shall they or their related parties serve as directors, senior management, consultants, partners, or hold material equity interests (shareholding exceeding 5%) in any enterprise that competes with the Target Company, which may result in the disclosure of trade secrets or prejudice to the Target Company's interests.

Among which, if the core management personnel other than the Founders do not renew their five-year labor contracts after completion, the Founders shall ensure that for the two years following the termination or cessation of the labor relationship, such core management personnel shall not, directly or indirectly, engage in competitive business that is the same or similar to the Target Company or the Company within the PRC, nor shall they serve as directors, senior management, consultants, partners, or hold material equity interests (shareholding exceeding 5%) in any enterprise that competes with the Target Company, which may result in the disclosure of trade secrets or prejudice to the Target Company's interests. During the above non-compete period, the Target Company shall pay corresponding economic compensation to the core management personnel in accordance with laws and regulations.

If the Founders do not renew their five-year labor contracts after completion, they solemnly undertake that for a period of five years after their resignation, they and their related parties shall not, directly or indirectly, engage in competitive business that is the same or similar to the Target Company or the Company within the PRC, nor shall they serve as directors, senior management, consultants, partners, or hold material equity interests (shareholding exceeding 5%) in any enterprise that competes with the Target Company, which may result in the disclosure of trade secrets or prejudice to the Target Company's interests.

If the above payment conditions precedent are not satisfied or waived by the Company within one month after the Equity Acquisition Agreement becomes effective, the Company shall have the right to unilaterally terminate the Equity Acquisition Agreement. If such circumstances arise due to reasons attributable to the Founders or the Target Company, the Founders and the Target Company shall compensate the Company for its losses.

Termination

At any time prior to completion, the Equity Acquisition Agreement may be terminated or rescinded, and the Acquisition may be abandoned, if all parties reach a unanimous written agreement.

Performance Commitment and Compensation

Performance Commitment

The Founders undertake that the Target Company shall achieve (i) audited net profit attributable to owners of the parent company (on a consolidated basis), after deducting non-recurring gains and losses (the "**Committed Net Profit for the Period**"), of not less than RMB60 million, RMB85 million, RMB100 million, and RMB115 million for each of the financial years ending December 31, 2025, December 31, 2026, December 31, 2027, and December 31, 2028 (collectively, the "**Performance Commitment Period**"); and (ii) AI product revenue as a percentage of operating revenue of not less than 20%, 30%, 40%, and 50%, respectively, or AI product revenue (on a consolidated basis) (the "**Committed AI Product Revenue for the Period**") of not less than RMB50 million, RMB90 million, RMB140 million, and RMB225 million, respectively, for each financial year during the Performance Commitment Period.

Obligation of Compensation for Performance Commitment

A qualified audit firm shall be engaged to audit the Target Company's actual net profit (the "**Actual Net Profit for the Period**") each year, and an audit report shall be issued within four months after the end of each financial year. For each year during the Performance Commitment Period, a special review shall be conducted within 30 days after the qualified audit firm issues its audit report to compare the Target Company's Actual Net Profit for the Period with the Committed Net Profit for the Period.

(i) If the Target Company's Actual Net Profit for the Period reaches 90% or more of the Committed Net Profit for the Period but fails to achieve the Committed AI Product Revenue for the Period, the Company shall suspend payment of the equity transfer payment due for that year and defer the Committed AI Product Revenue for the Period to the next year. If the relevant Committed AI Product Revenue is achieved in the following year, the Company shall continue to make such installment of equity transfer payment in accordance with the Equity Acquisition Agreement; if not, such commitment shall continue to be deferred to the next year until the Target Company achieves the relevant Committed AI Product Revenue, after which the corresponding equity transfer payment for such year shall be made by the Company;

(ii) If the Target Company's Actual Net Profit for the Period fails to reach 90% or more of the Committed Net Profit for the Period (regardless of whether the Committed AI Product Revenue for the Period is achieved), the Founders shall make performance compensation in accordance with the Equity Acquisition Agreement; and

(iii) If the Target Company's Actual Net Profit for the Period reaches 90% or more of the Committed Net Profit for the Period and the Committed AI Product Revenue for the Period is achieved, the Company shall pay the second to fifth installments of equity transfer payments in sequence in accordance with the Equity Acquisition Agreement.

Where performance compensation is triggered, the Founders shall compensate the Company based on the following specific formula:

Performance compensation for the period = (Committed Net Profit for the Period – Actual Net Profit for the Period) ÷ total committed net profit of the Target Company for all years during the Performance Commitment Period × transaction consideration (for the avoidance of doubt, if performance compensation is triggered for a particular year, the calculation shall be made on a standalone basis for each year). If the compensation amount calculated according to the above formula is negative or zero, the amount shall be deemed zero, and previously compensated amounts shall not be reversed. The Founders' total actual performance compensation shall not exceed the consideration of the Acquisition, being RMB456 million.

The Company has the right to directly deduct the performance compensation amount from the unpaid equity transfer payment for that period under the Equity Acquisition Agreement. If the equity transfer payment for that period is insufficient for such deduction, the Founders shall make up the shortfall in cash in full within 10 business days from receipt of written notice from the Company. If there remains any balance after deducting the performance compensation amount, the remaining balance shall continue to be paid to the Transferor by the Company.

If force majeure events, such as war or major natural disasters (including earthquakes, floods, fires, government actions, epidemics, etc.), occur and have a material adverse impact on the operations of the Target Company and its controlled subsidiaries, the parties may, through mutual negotiation, extend the Performance Commitment Period or partially waive/reduce the cumulative committed net profit. The specific arrangements shall be set out in a separate agreement to be executed by the parties.

Corporate Governance

Upon the completion of the Acquisition, the Target Company shall establish a board consisting of five directors, of which the Company shall have the right to appoint three directors and the Founders shall have the right to appoint two directors. The chairman of the board shall be a director appointed by the Company.

PROFIT FORECAST

The income approach has been adopted in preparing the valuation of the entire shareholders' equity interest in the Target Company (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 the Appendix to this announcement.

In addition, pursuant to Rule 14.60A of the Listing Rules, the Company is required to set out the letters issued by the auditor and the Board in respect of the profit forecast, respectively. As more time is required for the preparation, the Company expects to issue a further announcement within 15 business days from the date of publication of this announcement to include the aforesaid letters.

Expert and Consent

Name	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

To the best of the Directors' knowledge, information and belief, having made all reasonable enquiries, the above expert is a third party independent of the Group and its connected persons. As at the date of this announcement, the above expert has 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 expert has issued and has not withdrawn its written consent to the publication of this announcement with a copy of its letters and/or references to its name (including its qualification) and its advice included in this announcement in the form and context in which it is included.

INFORMATION ABOUT THE PARTIES INVOLVED

The Company

The Company, a joint stock company with limited liabilities established under the laws of the PRC on December 6, 2010, is a leading industrial internet company dedicated to empowering the rural family-run businesses through digital technologies and supply chain capabilities in China.

The Target Company

To the best of the Directors' knowledge, information and belief, having made all reasonable enquiries, the Target Company is a limited liability company established in the PRC on January 5, 2022, with a registered capital of RMB7 million. As at the date of this announcement, the Target Company is owned as to 79.6143%, 11.4286%, 6.1000%, and 2.8571% by Mr. Liu Haopu (劉浩瀑), Mr. Liu Zhenhua (劉振華), Mr. Deng Wei (鄧維), and Mr. Guo Yi (郭翊), respectively (of which, Mr. Liu Haopu and Mr. Liu Zhenhua are related as son and father). The Target Company is an intelligent technology company focusing on e-commerce and retail enterprises, providing full-stack services covering "AI products" and "digital intelligence solutions".

The major financial information of the Target Company for the years ended December 31, 2023 and December 31, 2024 and for the ten months ended October 31, 2025, based on the audited consolidated accounts prepared in accordance with the China Accounting Standards for Business Enterprises (the "**CASBEs**"), is set forth below:

	Year Ended December 31, 2023	**Year Ended December 31, 2024**	**Ten months ended October 31, 2025**
	RMB0'000	*RMB0'000*	*RMB0'000*
Operating income	20,364.95	25,706.44	24,526.28
Profit before tax	7,832.62	7,966.98	4,356.24
Profit after tax	7,085.00	7,448.83	4,019.81

According to the audited consolidated accounts prepared in accordance with the CASBEs, the total assets and net assets of the Target Company as at October 31, 2025 were RMB310.6385 million and RMB158.8615 million, respectively.

Founders

Mr. Liu Haopu, a PRC citizen, is the Transferor under the Acquisition. As at the date of this announcement, he holds 79.6143% equity interest in the Target Company.

Mr. Deng Wei, a PRC citizen, will not dispose of his equity interest under the Acquisition but has voluntarily agreed to irrevocably make, jointly and severally, the representations, warranties, and undertakings related to the Equity Acquisition Agreement together with Mr. Liu Haopu, and to assume the corresponding obligations and liabilities. As at the date of this announcement, he holds 6.1000% equity interest in the Target Company.

REASONS FOR AND BENEFITS OF THE ACQUISITION

1. Creating Industry Synergies and Enhancing the Group's Online "5+ Empowerment" Capabilities

The Target Company is an intelligent technology company focusing on e-commerce and retail enterprises, providing full-stack services covering "AI products" and "digital intelligence solutions". The Acquisition will help enhance the Group's online "5+ Empowerment" capabilities for member retail stores and business partners.

(i) +Technology:

The Target Company's boundary BI system (邊界BI系統), Daguan small model (達官小模型), and other products can help the Group meet member retail stores' needs for data extraction, cleansing, and analytical management. Its boundary AI agent enables member retail stores of the Group to create different intelligent agents based on their own needs, significantly improving operational efficiency.

(ii) +Data:

The Target Company currently manages over 16,000 stores and provides customised solutions to more than 10,000 enterprises. These customers grant the Target Company free authorisation to use their online data, which, combined with third-party industry authorised data, allows the Target Company to provide the Group's partners with effective market insights, industry analysis, category screening, and competitive product comparison, thereby enhancing the partners' online competitiveness.

(iii) +Training:

The Target Company has a team of nearly 150 instructors, all frontline e-commerce operators and experts, covering major platforms including Taobao, Tmall, JD.com, Douyin, and Amazon. They can provide targeted intelligent operational solutions to the Group's partners.

(iv) +Supply Chain:

In sectors of consumer electronics, household appliances, homebuilding and renovation materials, agricultural supplies and tools, liquor and beverages, and personal care, the Target Company's top 20 customers have an annual GMV of over RMB9 billion, most of which are leading online brands. The Acquisition will help the Group rapidly integrate supply chain brands and enhance its supply chain service capabilities.

(v) +Marketing:

The Target Company has extensive experience guiding customers in online marketing, including BI system marketing analytics and AIGC image-generation tools. It boasts over 10 years of experience as a frontline marketing expert, along with professional marketing courses and guidance. The Acquisition will help enhance the online marketing efficiency of the Group and its partners.

2. Significant Market Potential in the Target Company's Industry and the Target Company's Unique Industry Positioning

The Target Company operates in an industry with significant market potential. Multichannel integration has become the emerging trend in new retail industry, and the e-commerce industry continues to grow steadily year by year, driving strong demand for AI products and digital intelligence solution development. The Target Company is uniquely positioned in the industry as an AI+ digitalisation-driven service provider for the e-commerce sector, offering a distinctive competitive advantage in the industry.

3. A Professional Management Team Building a Top-Tier Industry Brand

The Target Company's founding team and mentor team are all frontline operators in the e-commerce industry with more than a decade of experience in providing e-commerce solutions. Its core management and R&D teams are graduates of leading domestic and overseas universities, with extensive combined experience in curriculum development, software and hardware R&D, and the e-commerce industry. The Target Company's core customised solution business currently ranks first in market share, with high user recognition and an annual renewal rate of over 70%. The Acquisition will help strengthen the Group's core team's operational capabilities and enhance its customer service capabilities.

The Board is of the view that the terms of the Equity Acquisition Agreement are on normal commercial terms, are fair and reasonable, and in the interests of the Company and its shareholders as a whole, notwithstanding that the Acquisition is not in the ordinary course of business of the Company.

LISTING RULES IMPLICATIONS

As the highest applicable percentage ratio (as defined in Rule 14.07 of the Listing Rules) in respect of the Acquisition is more than 5% but less than 25%, the Acquisition constitutes a discloseable transaction of the Company and is subject to the reporting and announcement requirements under Chapter 14 of the Listing Rules, but is exempt from the Shareholders' approval requirement.

Since the Acquisition is subject to the satisfaction or waiver of certain payment conditions precedent set out in the Equity Transfer Agreement, the Acquisition may or may not proceed. Shareholders and potential investors of the Company are advised to exercise caution when dealing in the Company's shares.

DEFINITIONS

In this announcement, the following terms shall have the following meanings, except otherwise stated:

"Acquisition"	the Company conditionally agreed to acquire, and the Transferor conditionally agreed to dispose of, 57% equity interest in the Target Company pursuant to the terms and conditions of the Equity Acquisition Agreement
"Board"	the board of directors of the Company
"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
"Director(s)"	the director(s) of the Company
"Equity Acquisition Agreement"	the equity acquisition agreement entered into among the Company, the Target Company, and its Founders on November 18, 2025 (after the trading hours) in respect of the Acquisition
"Founders"	Mr. Liu Haopu (劉浩瀑) and Mr. Deng Wei (鄧維), the Founders of the Target Company
"Group"	the Company and its subsidiaries
"HK$"	Hong Kong dollars, the lawful currency of Hong Kong
"Hong Kong Stock Exchange"	The Stock Exchange of Hong Kong Limited
"H Share(s)"	overseas listed foreign shares in the share capital of the Company with nominal value of RMB1.00 each, which are subscribed for and traded in HK$ and listed on the Hong Kong Stock Exchange
"Listing Rules"	the Rules Governing the Listing of Securities on the Hong Kong Stock Exchange, as amended, supplemented or otherwise modified from time to time

"China" or "PRC"	the People's Republic of China, and for the purposes of this announcement only, excluding Hong Kong, the Macao Special Administrative Region and Taiwan
"RMB"	Renminbi, the lawful currency of the PRC
"Target Company"	Tibet Boundary Information Technology Co., Ltd. (西藏邊界信息科技有限公司), a limited liability company established in the PRC on January 5, 2022
"Transferor"	Mr. Liu Haopu, the controlling shareholder and one of the founders of the Target Company
"%"	per cent

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

Nanjing, the PRC
November 18, 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: KEY ASSUMPTIONS UNDERLYING THE VALUATION AND OTHER RELEVANT INFORMATION

I. VALUATION METHODS

According to the valuation report, the basic methods for enterprise value 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 valuation methods and selected the appropriate valuation method.

In principle, the valuation methods adopted for this valuation are the market 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 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. The Target Company operates in the e-commerce services industry and is characterised by an "asset-light" model. The Target Company's business model, service platform, customer resources, supply and sales networks, talent team, research and development capabilities and other intangible resources are difficult to measure and quantify individually under the asset-based approach. As such, the asset-based approach is difficult to fully reflect the true value of the enterprise.

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 a sufficient number of comparable transaction cases involving companies with business operations similar to those of the Target Company can be obtained through public sources, the Valuer considers it appropriate to adopt the market approach for this valuation.

The income approach refers to a method that determines the value of the valuation target by capitalising or discounting expected income. As the Target Company's future earnings period and earnings amount can be forecast and measured in monetary terms, and the risks associated with achieving the expected returns can also be quantified, the Valuer considers it appropriate to adopt the income approach for this valuation.

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

As of the Appraisal Benchmark Date, the appraisal value of total equity attributable to shareholders of the Target Company was RMB1,059,000,000, representing an increase of RMB898,187,400 over the audited carrying amount of owner's equity of the parent company, which corresponds to an appreciation rate of 558.53%, representing an increase of RMB900,139,700 over the audited owner's equity attributable to the parent company within the scope of its consolidated financial statements, which corresponds to an appreciation rate of 566.62%.

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 the Target Company was RMB1,130,000,000, representing an increase of RMB969,187,400 over the audited carrying amount of owner's equity of the parent company, which corresponds to an appreciation rate of 602.68%, representing an increase of RMB971,139,700 over the audited owner's equity attributable to the parent company within the scope of its consolidated financial statements, which corresponds to an appreciation rate of 611.32%.

As the valuation conclusion under the market approach is significantly affected by short-term fluctuations in capital market conditions, and adjustments and modifications to valuation ratio may fail to fully account for all factors influencing transaction pricing, the income approach is considered more comprehensive in reflecting the factors that affect enterprise value and is less influenced by short-term market volatility. Accordingly, the income approach has been adopted as the final valuation conclusion.

II. APPRAISAL ASSUMPTIONS

(I) General Assumptions

1. Trading assumption: the valuation is carried out by the Valuer 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 the Target Company 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 the Target Company and the tax rate, exchange rate, interest rate and policy fee rate are basically stable;

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

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

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

7. It is assumed that the transaction prices of the comparable companies are fair, and that the relevant financial data and other information are true and reliable;

8. 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 the Target Company;

9. It is assumed that the accounting policies that the Target Company will adopt after the Appraisal Benchmark Date are basically consistent with those used in writing this Asset Valuation Report in important aspects;

10. It is assumed that after the Appraisal Benchmark Date, the business scope, mode and business structure of the Target Company 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;

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

12. It is assumed that Nanjing Xishui Network Technology Co., Ltd (南京市溪水網絡科技有限公司), a wholly-owned subsidiary of the Target Company, will continue to be recognised as a high-tech enterprise in the future, and enjoy a preferential enterprise income tax rate of 15%;

13. It is assumed that after the Appraisal Benchmark Date, the cash inflow of the Target Company is the average inflow and the cash outflow is the average outflow.

III. APPRAISAL MODELS AND KEY INPUTS

(I) Market Approach

Two specific approaches commonly used in the market approach are the listed company comparison approach and the transaction case comparison approach. As at least three comparable listed companies in the same industry as the Target Company can be identified, and the relevant data of such comparable listed companies are readily obtainable, the listed company comparison approach has been adopted for this valuation.

The basic steps for valuation under the listed company comparison approach are as follows:

1. Selection of comparable companies

Listed companies are selected from A-share listed companies in the PRC that operate in the same industry as the Target Company or are affected by identical economic factors. By comparing the Target Company with the above listed companies in terms of business structure, operating model, operating scale, asset allocation and utilisation, operating stage, growth prospects, operational risks, financial risks, and other factors, a refined set of comparable companies suitable for comparative analysis with the Target Company is determined.

2. Analysis and adjustment of the financial statements

The business and financial conditions of the Target Company and the comparable companies are compared and analysed, and the necessary adjustments are made so that all data of the comparable companies are more consistent with and comparable to, those of the Target Company.

3. Selection, calculation, and adjustment of valuation ratio

Based on factors such as the industry characteristics and operating stage of the Target Company, appropriate valuation ratio is selected from profitability ratio, asset ratio, revenue ratio, and other industry-specific ratio, and the valuation ratio of each comparable listed companies is calculated. Subsequently, the key differences between the comparable companies and the Target Company are analysed, and an indicator adjustment system is established to compare the relevant financial data and operating indicators of the Target Company. Moreover, quantitative adjustments are then made for such differences, thereby adjusting the valuation ratio derived from the comparable transaction cases to a level applicable to the Target Company.

4. Application of valuation ratio

For equity valuation ratio, the adjusted valuation ratio is multiplied by the corresponding financial data or indicators of the Target Company. Adjustments are then made for the value of the Target Company's non-operating assets, liabilities, and surplus assets, to determine the value of all shareholders' equity of the Target Company.

For overall enterprise value ratio, the adjusted valuation ratio is multiplied by the corresponding financial data or indicators of the Target Company, after deducting the value of interest-bearing debts and minority interests. Adjustments are then made for the value of the Target Company's non-operating assets, liabilities, and surplus assets, to determine the value of all shareholders' equity of the Target Company.

(II) Income Approach

Based on the industry in which the Target Company 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 amortisation – capital expenditure – increase in working capital

(2) Determination of discount rate

The income approach assessment adopts the enterprise free cash flow discount 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 enterprise 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-R_f) – the market risk premium;

ε – the specific risk premium rate.

Determination of the risk-free interest rate (R_f)

The risk-free interest rate can usually be expressed by the yield to maturity of treasury bonds, and the matching between the remaining maturity period and the time period of cash flow should be considered when selecting treasury bond. In valuation practice, the market yield to maturity of medium- and long-term government bonds matching the earnings period is usually selected, and for future earnings periods exceeding ten years, the yield to maturity of long-term government bonds with a maturity of ten years from the Benchmark Date is generally used. 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 1.80% (rounded to two decimal places), 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 annualised 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 annualised 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)

Capital structure ratio represents the ratio of interest-bearing debt to equity capital.

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 1.9%.

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:

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

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 e-commerce 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 0.9415 after adjusting for financial leverage.

Based on the aforementioned parameters, the beta coefficient (β_L) for the subject entity was determined to be 0.958.

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, years of establishment and cost model. For enterprise scale, specific risk premium rate is 1%. For operation management ability, specific risk premium rate is 1%. For years of establishment, specific risk premium rate is 1.5%. For cost model, specific risk premium rate is 1.5%. Considering the above factors, the specific risk premium rate is 5%.

Calculation of cost of equity capital (R_e)

The cost of equity capital of the Target Company is calculated to be 12.6% 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 3.50% based on the over-5-year loan prime rate (LPR) published by the National Interbank Funding Center authorised by the People's Bank of China.

Calculation of weighted average cost of capital (WACC)

The weighted average cost of capital (discount rate) of the Target Company is calculated to be 12.4% 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 analysing factors including the nature and type of the Target Company, 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, 2031, with the perpetual period commencing from 2032.

(4) Basis for income forecasting

Given the high degree of integrated operation and management between the Target Company and its subsidiaries, and in order to better analyse the historical overall profitability and development trends of the Target Company and its subordinate enterprises, thereby enabling a future forecast, the consolidated basis has been adopted for the purposes of revenue forecasting and valuation under the income approach.

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 analysed 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 Target Company 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 analysed and assessed.

4. Value of interest-bearing debts

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