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暢捷通

Chanjet

暢捷通信息技術股份有限公司

CHANJET INFORMATION TECHNOLOGY COMPANY LIMITED*

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

(Stock Code: 1588)

**CONNECTED TRANSACTION
DISPOSAL OF FINANCE & TAXATION PRACTICAL SKILLS TRAINING
PRODUCT AND SERVICE BUSINESS**

**THE TRANSFER AGREEMENT OF FINANCE & TAXATION PRACTICAL SKILLS
TRAINING PRODUCT AND SERVICE BUSINESS**

The Board hereby announces that, on 24 March 2023, the Company entered into the Transfer Agreement of Finance & Taxation Practical Skills Training Product and Service Business with Seentao Technology, pursuant to which the Company agreed to sell, and Seentao Technology agreed to purchase the Finance & Taxation Practical Skills Training Product and Service Business, with the aggregated consideration of RMB43,800,000.

IMPLICATIONS UNDER THE LISTING RULES

As of the date of this announcement, Seentao Technology is a subsidiary of Yonyou Network, the controlling shareholder of the Company, and therefore a connected person of the Company. Therefore, the transactions contemplated under the Transfer Agreement of Finance & Taxation Practical Skills Training Product and Service Business constitute connected transactions of the Company pursuant to the Listing Rules. As one or more applicable percentage ratios (as defined under Rule 14.07 in the Listing Rules) of the transactions contemplated under the Transfer Agreement of Finance & Taxation Practical Skills Training Product and Service Business exceed 0.1% but are all less than 5%, the transactions contemplated under the Transfer Agreement of Finance & Taxation Practical Skills Training Product and Service Business are subject to the reporting and announcement requirements but are exempt from the independent shareholders' approval requirement under Chapter 14A of the Listing Rules.

I. INTRODUCTION

The Board hereby announces that, on 24 March 2023, the Company entered into the Transfer Agreement of Finance & Taxation Practical Skills Training Product and Service Business with Seentao Technology, pursuant to which the Company agreed to sell, and Seentao Technology agreed to purchase the Finance & Taxation Practical Skills Training Product and Service Business, with the aggregated consideration of RMB43,800,000.

II. THE TRANSFER AGREEMENT OF FINANCE & TAXATION PRACTICAL SKILLS TRAINING PRODUCT AND SERVICE BUSINESS

A summary of the principal terms of the Transfer Agreement of Finance & Taxation Practical Skills Training Product and Service Business is set out below:

1. Date

24 March 2023

2. Parties

- (i) The Company (as the transferor)
- (ii) Seentao Technology (as the transferee)

3. Subject of the Transfer

The Finance & Taxation Practical Skills Training Product and Service Business, consisting of technology and assets (including physical assets and intangible assets), business resource, personnel and the interests related to the business.

4. Consideration and Payment

The aggregated consideration of RMB43,800,000 was determined by the Company and Seentao Technology after arm's length negotiations by reference to the valuation of fair value of the Finance & Taxation Practical Skills Training Product and Service Business in the amount of RMB43,800,000 as at the valuation date (i.e. 31 December 2022). The Asset Valuation Report is prepared by the Independent Valuer, with the use of the income approach (specifically the discounted cash flow method) as the primary valuation methodology.

The aggregated consideration of the transaction will be paid by Seentao Technology in cash in two installments:

- (1) The first installment of RMB30,660,000 will be paid within 10 working days after the completion of the delivery of all the physical assets, human resources, customer relations, R&D assets and other matters related to the subject matter of the transfer, or within 10 working days upon the agreement reached by both parties and waived by Seentao Technology in writing;
- (2) The second installment of RMB13,140,000 will be paid within 10 working days after 30 days upon the completion of the above delivery and completion of change of relevant software copyright or revocation by the Company, or within 10 working days upon the agreement reached by both parties and waived by Seentao Technology in writing.

5. Conditions Precedent:

The Transfer Agreement of Finance & Taxation Practical Skills Training Product and Service Business shall become effective upon the fulfillment of the following conditions:

- (1) the agreement shall be signed by the authorized representatives of both parties and/or chopped with the official chops of both parties;
- (2) the transferor shall hold a board meeting and make a valid written resolution to approve the transfer of the Finance & Taxation Practical Skills Training Product and Service Business to the transferee in accordance with the provisions of the agreement;
- (3) the transferee shall hold a board meeting and general meeting and make valid written resolutions to approve the acquisition of the Finance & Taxation Practical Skills Training Product and Service Business at the contract price;
- (4) both parties have obtained all necessary internal and external authorizations/resolutions/approvals for the execution and performance of the agreement.

III. PROFIT FORECASTS IN RELATION TO THE VALUATION METHODOLOGY

According to the Asset Valuation Report, the valuation was performed based on the income approach. Among which, the valuation based on discounted cash flows forecast constitutes a profit forecast under Rule 14.61 of the Listing Rules.

1. Valuation Assumptions

The valuation assumptions used in the Asset Valuation Report are as follows:

(1) *Precedent assumptions*

- (i) Transaction assumption: it is the most fundamental precedent assumption under which the asset valuation can proceed. It is assumed that the valuation target is in the process of being transacted, and the valuer carries out the valuation based on the transactional conditions of the valuation target in a simulated market.
- (ii) Open market assumption: it is assumed that the conditions of the market where the assets are proposed to enter is an open market. An open market refers to a competitive market with fully developed and refined market conditions, where a willing buyer and a willing seller are equal in status and are granted with the opportunities and time to obtain sufficient market information, and conduct transaction activities on a voluntary, rational, and not compulsory or unrestricted basis.
- (iii) Ongoing concern assumption: ongoing concern assumption assumes that the property owner carries out operations in compliance with the laws. There will be no unforeseeable factors leading to a disruption of the ongoing operation, and the existing use of the valuated assets will remain unchanged and continue to be used on-site.
- (iv) Assumption of continuing use: the assumption of continuing use refers to the kind of assumption on the conditions of the market where the assets are proposed to enter and the status of the assets under such market conditions. Firstly, the valuated assets are in use; secondly, the assets to be assumed in use will continue to be in use. Under the conditions of assumption of continuous use, no consideration is given to the conversion of the use of the assets or the use of the assets under the best condition. The valuation results are subject to a stricted scope of applicability.
- (v) Assumption of continuing to be used: the assumption of continuing to be used refers to the case when the valuated assets will continue to be used in accordance with the existing usage and form after the ownership is changed or asset business occurs.

(2) *General Assumptions*

- (i) There will be no material changes in the relevant prevailing laws, regulations and policies or macro-economic situations of the PRC; there will be no material changes in the political, economic and social environment of the regions where the parties to this transaction are located; and there will be no any other material adverse effects as a result of any unpredictable factors or force majeure.

- (ii) The existing and future manager of the target business is responsible, and the management of the target business can steadily promote the company's development plan and try their best to achieve the expected business outcome.
- (iii) There will be no material changes in the relationship between the company and its domestic and foreign partners or in their mutual interests.
- (iv) The products will maintain the current market competitiveness after the valuation date.
- (v) The plan and target of future sales and cost control can be implemented as scheduled, and the production and operation comply with the policies and meet the requirements in respect of environmental protection in China.
- (vi) The company observes the applicable national laws and regulations, and there will be no material violations that will affect the development and income realization of the business.
- (vii) The accounting policies adopted in the future are in all material aspects generally consistent with the accounting policies adopted in the compilation of the Asset Valuation Report.
- (viii) Except for the rate of value-added tax, there will be no material changes in the interest rates, exchanges rates, taxation benchmark and rates, policy levy, etc.
- (ix) There will be no material adverse effect caused by force majeure and unforeseeable factors to the business.
- (x) The predicted annual cash flows are even cash inflow and cash outflow.
- (xi) After the valuation purpose is realized, the target business will continue to be operated under the existing business model with the original products or those that can be achieved with the existing resources and technical level, and the operation conditions such as the supply and sales model and profit distribution with related enterprises will remain unchanged.
- (xii) The valuation conclusion is based on the information provided by the client, assuming that such information is objective, reasonable, true, legal and complete.
- (xiii) This valuation is based on the simulated financial statements of the Finance & Taxation Practical Skills Training Product and Service Business.

(xiv) This valuation is based on the good handover and inheritance of relevant customer and supplier orders and qualifications between the parties to the transaction.

2. Confirmation

Ernst & Young, the auditor of the Company, has reviewed the arithmetic accuracy of the calculations of the discounted cash flow forecast on which the valuation is based, which does not involve the adoption of the accounting policy.

The Board has confirmed that the profit forecast of the Finance & Taxation Practical Skills Training Product and Service Business has been made after due and careful enquiries.

Letters from Ernst & Young and the Board relating to the Asset Valuation Report are set out in Appendix I and Appendix II to this announcement, respectively.

IV. INFORMATION OF THE FINANCE & TAXATION PRACTICAL SKILLS TRAINING PRODUCT AND SERVICE BUSINESS

The Finance & Taxation Practical Skills Training Product and Service Business is a business of the Group providing accounting informatization practical training, accounting skills competition and technical services for secondary vocational schools.

The unaudited revenue, net profit or net loss (both before and after taxation) attributable to the Finance & Taxation Practical Skills Training Product and Service Business for the two financial years ended 31 December 2022 were as follows:

	For the year ended 31 December 2021 <i>(RMB'0,000)</i>	For the year ended 31 December 2022 <i>(RMB'0,000)</i>
Revenue	1,397.10	2,070.38
Net profit/(net loss) before taxation	(894.00)	10.31
Net profit/(net loss) after taxation	(894.00)	10.31

As at 31 December 2022, the unaudited net book value of the Finance & Taxation Practical Skills Training Product and Service Business and assets was approximately RMB-2,730,500.

V. REASONS FOR AND BENEFIT OF THE DISPOSAL

The core business of the Group is to provide platform services, application services, data-based value-added services for micro and small enterprises (“MSEs”) in the PRC, with a focus on financial and business management cloud services. To pursue strategic development, the Company needs to further integrate resources so as to maintain the continuous and rapid development of its principal business and strive for the leading position in the cloud service market of MSEs.

The Finance & Taxation Practical Skills Training Product and Service Business is a business of the Group providing accounting informatization practical training, accounting skills competition and technical services for secondary vocational schools, which is not the core business of the Group. The revenue from the business accounted for less than 5% of the Group’s total revenue for the last three years, and the development of the business requires continuous investment in certain research, development and marketing resources.

The transfer of the Finance & Taxation Practical Skills Training Product and Service Business is expected to have a certain positive impact on the Group’s net profit for the current period, and the specific amount is subject to the data as audited by the Company’s auditor upon the completion of the Disposal. The proceeds from the asset transfer of the business will increase the cash held by the Group, which will help optimize the asset structure of the Group and concentrate more resources to develop its core business.

The Directors (including the independent non-executive directors) are of the view that the Transfer Agreement of Finance & Taxation Practical Skills Training Product and Service Business was entered into on normal commercial terms, and although the transactions contemplated thereunder are not in the ordinary and usual course of business of the Company, the terms and conditions therein are fair and reasonable and in line with the overall development strategy of the Group as well as in the interests of the Company and its shareholders as a whole.

VI. FINANCIAL EFFECTS OF THE DISPOSAL AND USE OF PROCEEDS

The Group expects to recognize gains of approximately RMB43,754,700 (tax exclusive) which is calculated with reference to the difference between the consideration under the Transfer Agreement of Finance & Taxation Practical Skills Training Product and Service Business and the expected net book value of the Finance & Taxation Practical Skills Training Product and Service Business as at the closing date. The actual gains from the Disposal to be recorded shall be subject to the data as audited by the Company’s auditor upon the completion of the Disposal.

The proceeds from the Disposal are expected to be used to supplement general working capital of the Company.

VII. IMPLICATIONS UNDER THE LISTING RULES

As of the date of this announcement, Seentao Technology is a subsidiary of Yonyou Network, the controlling shareholder of the Company, and therefore a connected person of the Company. Therefore, the transactions contemplated under the Transfer Agreement of Finance & Taxation Practical Skills Training Product and Service Business constitute connected transactions of the Company pursuant to the Listing Rules.

As one or more applicable percentage ratios (as defined under Rule 14.07 in the Listing Rules) of the transactions contemplated under the Transfer Agreement of Finance & Taxation Practical Skills Training Product and Service Business exceed 0.1% but are all less than 5%, the transactions contemplated under the Transfer Agreement of Finance & Taxation Practical Skills Training Product and Service Business are subject to the reporting and announcement requirements but are exempt from the independent shareholders' approval requirement under Chapter 14A of the Listing Rules.

Mr. Wang Wenjing, a director of the Company, is also a director of Yonyou Network and Seentao Technology, and Mr. Wu Zhengping, a director of the Company, is also a director of Yonyou Network, and are therefore deemed to have material interest in the abovementioned transactions. Accordingly, they have abstained from voting on the relevant resolutions at the Board meeting. Save as disclosed above, none of the other directors has any material interest in the abovementioned transactions nor are they required to abstain from voting on the relevant resolutions at the Board meeting.

VIII. INFORMATION ON THE PARTIES INVOLVED

The Company

The principal business of the Company is to provide platform services, application services and data-based value-added services for MSEs in the PRC, with a focus on financial and business management cloud services.

Seentao Technology

The principal business of Seentao Technology is to provide comprehensive educational software products and cloud service solutions for higher education, vocational education schools, social organizations and institutions. Seentao Technology was established in April 2011, and listed on the National SME Share Transfer System in October 2015. As at the date of this announcement, Seentao Technology is a subsidiary of Yonyou Network, which is the controlling shareholder of the Company.

Yonyou Network

Yonyou Network, a leading cloud service and software provider for large and medium scale enterprises and public organizations in China, was established in January 1995 and listed on the Shanghai Stock Exchange in May 2001.

IX. DEFINITIONS

Unless the context otherwise requires, capitalized terms used in this announcement shall have the meanings as follow:

“Asset Valuation Report”	the Market Value Assessment Consulting Report of Finance & Taxation Practical Skills Training Product and Service Business involved in the Proposed Business Transfer of Chanjet Information Technology Company Limited (North Asia ZI BAO ZI [2023] No. 01-031) issued by the Independent Valuer
“Board”	the board of directors of the Company
“Company”	Chanjet Information Technology Company Limited (暢捷通信息技術股份有限公司), a joint stock company incorporated in the PRC with limited liability, the H Shares of which are listed and traded on the Hong Kong Stock Exchange
“Connected Person(s)”	has the meaning ascribed to it under the Listing Rules
“Disposal”	the disposal of the Finance & Taxation Practical Skills Training Product and Service Business by the Company to Seentao Technology under the Transfer Agreement of Finance & Taxation Practical Skills Training Product and Service Business
“Finance & Taxation Practical Skills Training Product and Service Business”	provision of accounting informatization practical training, accounting skills competition and technical services owned by the Company, which are for secondary vocational schools, including technology and assets (including physical assets and intangible assets), business resource, personnel and the interests related to the business
“Group”	the Company and its subsidiaries
“Hong Kong”	the Hong Kong Special Administrative Region of the People’s Republic of China
“Hong Kong Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Independent Valuer”	Beijing North Asia Asset Assessment Firm (Special General Partnership), an independent third party valuer appointed for the Disposal

“Listing Rules”	the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited
“PRC” or “China”	the People’s Republic of China, for the purpose of this announcement, excluding Hong Kong, Macau Special Administrative Region and Taiwan of the PRC
“RMB”	Renminbi, the lawful currency of the PRC
“Seentao Technology”	Seentao Technology Co., Ltd. (新道科技股份有限公司), a subsidiary of Yonyou Network, the shares of which are listed and traded on the National SME Share Transfer System (Stock Code: 833694)
“Transfer Agreement of Finance & Taxation Practical Skills Training Product and Service Business”	the Transfer Agreement between Seentao Technology Co., Ltd. and Chanjet Information Technology Company Limited in respect of the Finance & Taxation Practical Skills Training Product and Service Business and Assets dated 24 March 2023 entered into between the Company and Seentao Technology
“Yonyou Network”	Yonyou Network Technology Co., Ltd. (用友網絡科技股份有限公司), a joint stock company incorporated in the PRC with limited liability on 18 January 1995 and the controlling shareholder of the Company, the shares of which are listed and traded on the Shanghai Stock Exchange (上海證券交易所) (Stock Code: 600588)

On behalf of the Board
Chanjet Information Technology Company Limited
Wang Wenjing
Chairman

Beijing, the PRC
24 March 2023

As at the date of this announcement, the non-executive directors of the Company are Mr. Wang Wenjing and Mr. Wu Zhengping; the executive director of the Company is Mr. Yang Yuchun; and the independent non-executive directors of the Company are Mr. Chen, Kevin Chien-wen, Mr. Lau, Chun Fai Douglas and Ms. Wu Xiaoqing.

* *For identification purpose only*



LETTER IN RELATION TO THE PROFIT FORECAST OF FINANCE & TAXATION PRACTICAL SKILLS TRAINING PRODUCT AND SERVICE BUSINESS

To the Board of Directors of Chanjet Information Technology Company Limited

We have been engaged to report on the arithmetical accuracy of the calculations of the discounted cash flow forecast (the “**Forecast**”) on which the valuation reports dated 7 March 2023 prepared by Beijing North Asia Asset Assessment Firm (Special General Partnership) (“北京北方亞事資產評估事務所(特殊普通合夥)”) in respect of the fair value of the Finance & Taxation Practical Skills Training Product and Service Business (“財稅技能實訓產品及服務業務”) (the “**Target**”) as at 31 December 2022 is based. The valuation is set out in the announcement of Chanjet Information Technology Company Limited (the “**Company**”) dated 24 March 2023 (the “**Announcement**”) in connection with the disposal of the Target. The valuation based on the Forecast is regarded by The Stock Exchange of Hong Kong Limited 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 the Company (the “**Directors**”) are solely responsible for the Forecast. The Forecast has been prepared using a set of bases and assumptions (the “**Assumptions**”), the completeness, reasonableness and validity of which are the sole responsibility of the Directors. The Assumptions are set out in the section headed “PROFIT FORECAST REGARDING VALUATION APPROACH” of the Announcement.

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 behavior.

Our firm applies Hong Kong Standard on Quality Control 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 express an opinion on the arithmetical accuracy of the calculations of the Forecast based on our work. The Forecast does not involve the adoption of accounting policies.

We conducted our engagement in accordance with 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 arithmetical accuracy of the calculations are concerned, the Directors have properly compiled the Forecast in accordance with the Assumptions adopted by the Directors. Our work consisted primarily of checking the arithmetical accuracy of the calculations of the Forecast prepared based on the Assumptions made 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.

We are not reporting on the appropriateness and validity of the Assumptions on which the Forecast are based and thus express no opinion whatsoever thereon. Our work does not constitute any valuation of the Target. The Assumptions used in the preparation of the Forecast include hypothetical assumptions about future events and management actions that may or may not occur. Even if the events and actions anticipated do occur, actual results are still likely to be different from the Forecast and the variation may be material. Our work has been undertaken for the purpose of reporting solely to you under paragraph 14.62(2) of the Listing Rules and for no other purpose. We accept no responsibility to any other person in respect of our work, or arising out of or in connection with our work.

OPINION

Based on the foregoing, in our opinion, so far as the arithmetical accuracy of the calculations of the Forecast is concerned, the Forecast has been properly compiled in all material respects in accordance with the Assumptions adopted by the Directors.

Ernst & Young

Certified Public Accountants

Hong Kong

23 March 2023

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Chanjet

暢捷通信息技術股份有限公司

CHANJET INFORMATION TECHNOLOGY COMPANY LIMITED*

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

(Stock Code: 1588)

Beijing, the PRC

23 March 2023

The Listing Division
The Stock Exchange of Hong Kong Limited
12th Floor, Two Exchange Square
8 Connaught Place
Central, Hong Kong

**CONNECTED TRANSACTION
DISPOSAL OF FINANCE & TAXATION PRACTICAL SKILLS
TRAINING PRODUCT AND SERVICE BUSINESS**

Dear Sirs or Madams,

We refer to the *Market Value Assessment Consulting Report of Finance & Taxation Practical Skills Training Product and Service Business involved in the Proposed Business Transfer of Chanjet Information Technology Company Limited* (North Asia ZI BAO ZI [2023] No. 01-031) (the “**Valuation Report**”) issued by Beijing North Asia Asset Assessment Firm (Special General Partnership).

We have reviewed the bases and assumptions based upon which the valuation of Finance & Taxation Practical Skills Training Product and Service Business has been prepared by Beijing North Asia Asset Assessment Firm (Special General Partnership) for which Beijing North Asia Asset Assessment Firm (Special General Partnership) is responsible. We have also considered the report from the auditor of the Company, Ernst & Young, regarding whether the discounted cash flow forecast of Finance & Taxation Practical Skills Training Product and Service Business, so far as the arithmetical accuracy of the calculation are concerned, has been properly complied, in all material respects, in accordance with the assumptions as set out in the Valuation Report.

On the basis of the foregoing, in accordance with the requirements under Rules 14A.68(7) and 14.62(3) of the Hong Kong Listing Rules, we confirm that the profit forecast of Finance & Taxation Practical Skills Training Product and Service Business has been made after due and careful enquiry by us.

Yours faithfully,
On behalf of the Board
Chanjet Information Technology Company Limited
Wang Wenjing
Chairman