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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: 09878)

**ANNUAL RESULTS ANNOUNCEMENT FOR THE YEAR ENDED
DECEMBER 31, 2024**

The Board of Huitongda Network Co., Ltd. is pleased to announce the audited consolidated results of the Company and its subsidiaries for the year ended December 31, 2024. These results have been prepared in accordance with the applicable disclosure requirements of the Listing Rules and the International Financial Reporting Standards and have been reviewed by the Audit Committee. This announcement complies with the relevant requirements of the Listing Rules in relation to information to accompany preliminary announcements of annual results.

MANAGEMENT DISCUSSION AND ANALYSIS

BUSINESS REVIEW

In 2024, facing a complex and ever-changing external economic environment and intense industry competition, the Group proactively sought change, placing greater emphasis on improving the quality and depth of its business. It actively adjusted its development strategy, comprehensively advanced industrial upgrades, proactively optimized certain low-margin and low-efficiency businesses, and strengthened more cautious and prudent financial management, effectively responding to market changes. Upholding its corporate mission of “Creating a Better Life for Rural People”, the Group persistently focused on penetrating lower-tier markets and empowered rural family-run businesses by leveraging digital technology and supply chain capabilities.

Guided by the Board and fueled by the collective dedication of management and all staff of the Group, the Group has achieved a significant growth in profitability and optimized adjustments to its industrial structure through adjustments to its business structure. In 2024, the Group achieved operating revenue of RMB60.059 billion; gross profit margin of 3.8%, with a year-on-year increase of 0.5 percentage points; net profit of RMB462 million; profit attributable to equity Shareholders of the Company of RMB270 million; net cash inflow generated from operating activities of RMB275 million.

I. Strategic Upgrading Propelled Optimization of Business Structure

In 2024, the Group adhered to a high-quality development approach, comprehensively advancing its core strategies and achieving remarkable results. Firstly, the business strategy shifted from a scale-oriented approach to prioritizing profitability and cash flow. The Group proactively streamlined inefficient operations and concentrated on high-margin businesses, continuously optimizing its business structure and enhancing gross profits. Secondly, industrial development transitioned from expanding scale and scope to pursuing specialized and robust growth. The Group continuously strengthened the supply chain capabilities, achieving comprehensive breakthroughs in production-sales integration, collaborations with leading brands, and the development of three “new” industries (new categories, new channels, and new models). Thirdly, the upgrading of digitalization capabilities evolved from a broad and all-encompassing approach to a more refined and specialized approach. By focusing on digitalization service and management capabilities, the Group achieved a comprehensive improvement in management efficiency and service capability, boosting digitalization empowerment for rural family-run businesses greatly.

Organizational restructuring achieved efficiency enhancement. In 2024, to better cope with external environmental changes and requirements, the Group restructured its merchandise portfolio, upgraded its business model, and optimized its organizational structure, completing the strategic optimized adjustments to organizational structure and accelerating the enhancement of both operational efficiency and organizational effectiveness.

Through strategic upgrading, model innovation, and organizational optimization, the Group made remarkable achievements in supply chain capabilities, member services, and digitalization construction in 2024, laying a solid foundation for the high-quality development in the future.

II. Continuous Improvement in Supply Chain Control Capabilities

In 2024, the Group comprehensively advanced industrial upgrading, building its own brand matrix, strengthening collaborations with leading brands, and driving the development of three “new” industries. Simultaneously, it further advanced its online and offline omni-channel presence.

1. *Own brand matrix construction*

In 2024, the Group continued to focus on developing high-value-added segments and actively promoting an innovative supply chain featuring production determined by sales and production-sales integration. It successfully built up a brand matrix of more than 10 own brands covering industries such as large household appliances, kitchen and bathroom appliances, small household appliances, liquor, home furniture, and beauty products, achieving vertical integration from production to consumption.

2. *Deepening collaboration with leading brands*

The Group further strengthened its collaborations with leading brands such as Apple, AHC, Lenovo, Midea, Hualing, and Siemens. Centering on the collaboration of resource factories, the Group collaborated closely with leading resource factories, including Shandong Ruixing and Ningxia Lanfeng to enhance resource coordination and integration among factories.

3. *Strategic expansion to three “new” industries*

In 2024, the Group continued to promote the expansion of high-value three “new” industries of “new categories, new models, and new channels” by addressing evolving consumer demands in personal care, health, and quality life. Through innovations in business models, market segments, and distribution channels, the Group preliminarily established a nascent industrial cluster and achieved a comprehensive online-offline omni-channel presence. This strategic move has unlocked a new growth trajectory for the Group’s future development.

III. Continuous Enhancement of Member Retail Store Service Capability

1. *Growth in both member retail stores’ network density and conversion rate*

As of the end of the Reporting Period, the total number of registered member retail stores of the Group exceeded 249 thousand, representing a year-on-year growth of 4.8%, which has formed a scale barrier. Among them, active member retail stores reached 95 thousand, representing a year-on-year growth of 4.9%; the total number of subscribed SaaS+ users amounted to nearly 108 thousand, of which, the number of paid SaaS+ users exceeded 38 thousand.

2. *Continuous fulfillment of member retail stores’ demand for supply chains featuring excellent cost performance ratios*

In 2024, the Group focused on strengthening cooperation with leading brands to enhance bargaining power while continuing to promote the incubation of self-operated brands and production-sales integration projects, which aimed to develop differentiated competitiveness and provide supply chain services featuring “excellent cost performance ratios” for member retail stores in lower-tier markets.

3. Ongoing efforts in innovation on service products

The Group focused on enhancement of the intelligent capabilities of the Qiancheng Cloud SaaS+ products. In terms of digitalization management on store, by leveraging precise data insights and intelligent process optimization, the Group assisted retail stores in comprehensively improving operational efficiency and reducing operating costs; in terms of marketing empowerment, through big data analysis and AI algorithms, personalized marketing solutions were tailored for stores to effectively enhance marketing performance and sales conversion rates. These initiatives boosted the sales performance of member retail stores, so as to cater to the needs of customers across various business formats, industries and scenarios.

Operating Metrics

	Year ended December 31,		Year-on-year change
	2024	2023	
Total number of registered member retail stores	248,560	237,238	4.8%
Number of active member retail stores	95,111	90,708	4.9%
Number of active wholesaler customers	9,359	12,534	(25.3%)
Total number of SaaS+ subscription users	107,929	131,810	(18.1%)
Including: paid SaaS+ users	38,172	48,069	(20.6%)

IV. Continuous Digitalization Upgrades

In 2024, the Group significantly advanced its digitalization efforts in three key areas, namely platformization, online integration, and intelligence.

1. Continuous upgrades of the digitalization infrastructure

By integrating multiple software product lines into public business platforms, the Group provided a unified, comprehensive, mature and scalable standardized digitalization infrastructure for its business, optimizing the customer transaction experience.

2. Utilization of AI applications

In 2024, the Group upgraded from digitalization to intelligence, and accelerated its foundational layout and application exploration in AI sectors to accumulate and train a business knowledge base. Early results have been achieved in areas such as intelligent customer service, product auditing, AI-driven research and development, and digital human live streaming. The Group's "Qiancheng Cloud SaaS+" platform has enhanced features such as AI-driven shopping assistants and AI CRM private domain marketing, which optimize procurement and marketing. It covers multiple scenarios in the operation and management of member retail stores, achieving a comprehensive upgrade of technical capabilities in digitalization management, intelligent services, marketing services, supply chain optimization, and omni-channel business expansion. This integration brings an "AI engine" into the full process of business management for member retail stores, from procurement and marketing to customer service and after-sales, significantly improving store operational efficiency and end customer satisfaction, while driving the digitalized and intelligent transformation of small retail stores.

Through over a decade of data accumulation in lower-tier markets and AI exploration, the Group has laid the foundation for AIaaS transformation.

V. Further Enhancement of Corporate Influence

In 2024, the Group received increasing attention and recognition from various levels from government and society, which further strengthened its industry influence. Provincial and ministerial level leaders of authorities and institutions such as the National Bureau of Statistics, the All-China Federation of Supply and Marketing Cooperatives, the Social Work Department of CPC Jiangsu Provincial Committee, and the Jiangsu Provincial Administration for Market Regulation have conducted multiple visits and research and highly praised Huitongda's initiatives. In 2024, the Company received numerous corporate honors and provincial- and ministerial-level awards, including the "Top 500 Chinese Enterprises (ranked 296th)", the "Key Software Enterprise Encouraged by the State", the "Top 100 Comprehensive Strength Internet Enterprises in China (ranked 26th)", and the "Top 100 Industrial Internet Enterprises (ranked 5th)".

FUTURE PROSPECT

In 2025, under the backdrop of the State "Technology Powerful Country" and "Consumption-Driven" strategies, the lower-tier markets will become the core engine of economic growth. As an industry pioneer, Huitongda precisely aligns with the policy directions not only benefiting from favorable policies but also actively implementing strategic goals.

As an industrial internet platform focused on the lower-tier markets, Huitongda will fully seize the opportunity, insisting on empowering deep services for the rural retail ecosystem through digital technologies and supply chain capabilities, advancing "AI+ scenario applications" in the lower-tier markets, and contributing to the high-quality development of the urban-rural economy.

In 2025, the Group will focus on profitability and cash flow, and implement the following key tasks, prioritizing the enhancement of core capabilities such as supply chain management, member services, and digitalization:

I. Focusing on Supply Chain Capability Enhancement to Drive Industrial Upgrade and Implementation

Based on in-depth insights into lower-tier market demands, the Group proposed three supply chain strategies, namely “Leading Brands + Own Brands + POP”, to build a flexible supply chain network covering all categories and channels:

The first is the “Brand Express Project”. Through enhancing cooperation with leading brands, we aim to create a “High-quality and Well-priced” commodity supply ecosystem. This specifically meets the needs of member stores and consumers with brand preferences. Currently, the Group has entered over 100 strategic partnerships with leading industry brands. In 2025, we plan to develop 5 to 10 additional headquarters-to-headquarters leading brands in high-growth categories, including smartphones, AI-powered glasses, robotics, drones, innovative appliances, and health products.

The second is the “Own Brand Ecosystem Development Project”. Through establishing the own brand matrix, we focus on meeting the needs of member stores and consumers with a preference for cost performance ratio and quality-price ratio.

The third is the “Open-Platform Supply Chain System”. Through establishing an AI-driven POP platform, we will be able to satisfy the demand of both supply and demand for long-tailed and personalized commodities.

II. Focusing on Member Services and Digitalization Capability Enhancement, AI-Driven Efficiency and Experience Upgrade

In 2025, the Group will focus on strengthening its presence in the 21 provinces and 25 thousand townships already covered, with an emphasis on increasing the density and loyalty of member stores to strengthen internal growth.

Digitalization will focus on two major directions, including the leading position of public platforms and AI-empowering industries. Through public services platform upgrades aligned with industry trends, the Group aims to maintain a leading position in digital infrastructure. The Group will continue to enhance the comprehensive penetration of AI technology, deepening its application in scenarios such as intelligent shopping assistants, private domain marketing, and smart operations. As one of the earliest domestic ToB empowerment platforms focusing on county and township-level lower-tier markets, Huitongda has accumulated a vast amount of operational transaction data and developed a combination of online and offline digital technologies and industry service capabilities. In the wave of AI, the Group is actively deploying, from independently developing industry-specific large models to integrating mainstream large models like DeepSeek and quickly launching software robot applications, continuously expanding commercial scenarios. The data assets accumulated over more than a decade will be applied in a wider range of business scenarios in the AI era, bringing profits to upstream and downstream partners and further enhancing the platform's value.

With the ongoing deployment of AI and related applications, the Group's SaaS business will be expanded into AIaaS while driving the upgrade of new intelligent retail scenarios through edge computing and intelligent terminals as the carriers. Through "SaaS + AI", the Group aim to unlock new opportunities for enhancing supply chain efficiency across industries, ultimately building smarter and more seamless two-way commerce networks connecting urban and rural markets.

III. Focusing on the Three "New" Strategy to Open up New Growth Curves

In 2025, with a focus on the strategy of "new categories, new channels, and new models", the Group will comprehensively promote industrial upgrading. In terms of new categories, the Group will focus on laying out products with high margin and high price multiples in the personal care, health and quality life categories. In terms of new channels, the Group will deepen the layout of e-commerce, private domain and cross-border channels, thereby expanding market boundaries and enhancing revenue resilience. In terms of new models, the Group will integrate regional resources through strategic investment and mergers and acquisitions, to rapidly expand the ecosystem and achieve economies of scale, aiming to strengthen the control over the upstream and downstream industries.

The year 2025 will be a year of harvest for Huitongda's strategic transformation. With the deep engagement in the markets in lower-tier cities for a decade and leveraging the multiple supports of policies, technologies and capital, Huitongda is accelerating its transition from the period of "business optimization" to the "value release".

Based on the proactive strategic upgrade in 2024, the Group is confident of achieving further improvement in gross profit margin and net profit margin starting from 2025, with profit growth expected to outpace revenue growth. In 2025, the Company will offset losses with capital reserves in compliance with relevant policy guidelines and realize dividend distributions as early as possible aligned with the "Shareholders' Dividend Return Plan For the Next Three Years". Continuing to anchor operations in its core philosophy of "tech-driven efficiency and supply chain value creation", the Group will steadfastly pursue its mission of "Creating a Better Life for Rural People" while delivering sustainable returns to the Shareholders and society.

FINANCIAL REVIEW

Revenue

During the Reporting Period, the Group continued to focus on its strategy of cooperation with leading brands and network expansion in lower-tier markets, and optimized its business structure to cope with the complex and volatile market environment. In 2023 and 2024, the Group's revenue was RMB82,432.5 million and RMB60,059.3 million, respectively, representing a decrease of 27.1% year-on-year.

The following table sets forth the absolute amount and year-on-year change in revenue by business segments for 2023 and 2024:

Commerce Business

	Year ended December 31,		Year-on-year
	2024	2023	change
	<i>RMB'000</i>	<i>RMB'000</i>	
Commerce Business:			
Direct sales	59,269,204	81,616,120	(27.4%)
Consumer electronics	34,883,092	44,887,977	(22.3%)
Household appliances	9,344,250	12,313,537	(24.1%)
Agricultural means of production	7,461,267	12,261,326	(39.1%)
Vehicles and auto parts merchandise	4,777,766	7,614,679	(37.3%)
Homebuilding and renovation materials	1,904,957	2,993,729	(36.4%)
Liquor and beverages	701,340	1,353,909	(48.2%)
Others ⁽¹⁾	196,532	190,963	2.9%
Online marketplace	263	1,975	(86.7%)
Total for commerce business	<u>59,269,467</u>	<u>81,618,095</u>	<u>(27.4%)</u>

Note: (1) Others mainly include various fast-moving consumer goods.

The Group's revenue from the commerce business segment, which mainly covered six major sectors, namely consumer electronics, household appliances, agricultural means of production, vehicles and auto parts merchandise, homebuilding and renovation materials, and liquor and beverages, decreased by 27.4% from RMB81,618.1 million in 2023 to RMB59,269.5 million in 2024.

The decrease in revenue from the commerce business segment was mainly due to the following reasons during the Reporting Period: (i) in the face of a complex and severe market environment, the Group proactively adjusted its development strategy, actively reduced inefficient operations, focused on high-margin product categories, and strengthened collaborations of its own brands with leading brands, which had put pressure on the revenue during the transition stage; (ii) the consumer electronics sector experienced intensified market competition and adjustments in product iteration pace, leading to the extension of consumers' device replacement cycles; (iii) the household appliances sector was grappling with sluggish growth in traditional product categories and the diversion of online channels. In response, the Group proactively adjusted its development strategy by building its own brands such as "IDISSA (阿爾蒂沙)", "AKAI" and "THOMSON" to deploy innovative household appliances to drive differentiated competition. Although market recognition of these new brands still requires cultivation, the decline in revenue from the household appliance sector has significantly narrowed in the second half of 2024, with a sequential increase in revenue compared to the first half of 2024. Those own brands are expected to further enhance the Group's gross profit margin; (iv) the agricultural means of production sector was impacted by policy adjustments and fluctuations in raw material prices, leading to a structural contraction in demand. The Group actively optimized its business in volatile categories such as soybean meal; (v) the vehicles and auto parts merchandise sector was facing an intensified price war among the new energy vehicle sector, along with consumer wait-and-see attitudes. The Group adopted a more prudent operational strategy, optimizing its used car and low-margin vehicle businesses; (vi) the homebuilding and renovation materials sector was affected by the cyclical nature of the real estate market, resulting in an overall decline in demand. The Group proactively scaled back its standardized building materials business by focusing instead on its own brand "Forest Sparrow (林間雀)" for customized furniture to drive a steady increase in gross profit margin; and (vii) the liquor and beverages sector was experiencing intensified consumption stratification and overall weak demand. The Group took the initiative to adjust its strategy to focus on the development of its own high-margin brands such as "Forbidden City Liquor (故宮醬酒)" and "Peach Blossom Liquor (桃花潭酒)".

Service Business

	Year ended December 31,		Year-on-year change
	2024	2023	
	RMB'000	RMB'000	
Service Business:			
SaaS+ subscription	510,851	562,041	(9.1%)
Merchant solutions	99,623	92,678	7.5%
Total for Service Business	610,474	654,719	(6.8%)

Revenue from the service business of the Group was mainly from SaaS+ subscription and merchant solutions. The revenue from SaaS+ subscription decreased by 9.1% compared with the same period of last year. The revenue from merchant solutions increased by 7.5% compared with last year, primarily due to the Group's enhancement of its S2b2c e-commerce technology product capabilities and the establishment of strategic partnerships with telecommunications operators and cloud service providers, which expanded opportunities in the large customer market.

Cost of Revenue, Gross Profit and Gross Profit Margin

The Group's cost of revenue decreased by 27.5% from RMB79,692.8 million in 2023 to RMB57,750.4 million in 2024, and gross profit decreased by 15.7% from RMB2,739.7 million in 2023 to RMB2,308.9 million in 2024. The decrease in the cost of revenue and gross profit of the Group was primarily due to the decrease in its revenue. Gross profit margin of the Group increased from 3.3% in 2023 to 3.8% in 2024, benefiting from the Group's strategic upgrade, deepened cooperation with leading brands, and the construction of its own brand matrix, resulting in a significant improvement in gross profit margin.

Selling and Marketing Expenses

	Year ended December 31,		Year ended December 31,		Year-on-year change
	2024	As a percentage of revenue	2023	As a percentage of revenue	
	<i>RMB'000</i>		<i>RMB'000</i>		
Selling and Marketing Expenses	<u>1,075,414</u>	<u>1.8%</u>	<u>1,380,775</u>	<u>1.7%</u>	<u>(22.1%)</u>

Selling and marketing expenses primarily consist of advertising expenses, promotion service fees and employee salaries. Selling and marketing expenses decreased by 22.1% from RMB1,380.8 million in 2023 to RMB1,075.4 million in 2024.

Administrative and Other Operating Expenses

	Year ended December 31,		Year ended December 31,		Year-on-year change
	2024	As a percentage of revenue	2023	As a percentage of revenue	
	<i>RMB'000</i>		<i>RMB'000</i>		
Administrative and Other Operating Expenses	<u>364,328</u>	<u>0.6%</u>	<u>373,844</u>	<u>0.5%</u>	<u>(2.5%)</u>

Administrative and other operating expenses primarily consist of employee salaries, depreciation expenses and consultation service fees. Administrative and other operating expenses decreased by 2.5% from RMB373.8 million in 2023 to RMB364.3 million in 2024.

Research and Development (“R&D”) Costs

	Year ended December 31,		Year-on-year change
	2024	2023	
	<i>RMB'000</i>	<i>RMB'000</i>	
R&D Costs	<u>67,066</u>	<u>93,502</u>	<u>(28.3%)</u>

R&D costs mainly include labor costs, depreciation and amortization and others. R&D costs decreased by 28.3% from RMB93.5 million in 2023 to RMB67.1 million in 2024. The decrease in R&D costs was mainly due to the reduction in the number of R&D employees, which resulted from the continuous improvement of the Group's R&D capability and efficiency. The investment in R&D during the Reporting Period remained at a normal level.

Impairment Loss on Trade and Other Receivables

The expected credit impairment losses increased by 10.9% from RMB274.9 million in 2023 to RMB304.7 million in 2024, which was mainly due to the Group's increased provision for expected credit losses on certain receivables with longer aging.

Other Revenue

Other revenue decreased by 4.0% from RMB44.9 million in 2023 to RMB43.2 million in 2024, remaining relatively stable.

Other Net Gains

Other net gains decreased by 56.6% from RMB132.4 million in 2023 to RMB57.4 million in 2024, primarily due to a decline in investment income as a result of fluctuation in market return rate of various wealth management products.

Net Finance (Costs)/Income

The amount of net finance (costs)/income decreased from income of RMB3.8 million in 2023 to costs of RMB78.2 million in 2024, primarily due to the decrease in bank deposit interest rates.

Income Tax

Income tax decreased by 42.4% from RMB99.7 million in 2023 to RMB57.5 million in 2024. The decrease in income tax expense in 2024 was primarily due to the decrease in profit before tax as compared to last year.

The consolidated tax rate based on profit before tax was 11.1%, representing a slight decrease from 12.5% as compared to last year.

The management of the Company considers that the effective tax rate applied by the Group during the Reporting Period was at a reasonable level.

Net Profit

In view of the above, net profit decreased by 33.8% from RMB697.3 million in 2023 to RMB461.8 million in 2024.

Profit Attributable to Equity Shareholders of the Company

We recorded a profit attributable to equity Shareholders of the Company of RMB269.7 million and RMB448.3 million for 2024 and 2023, respectively.

Cash and Cash Equivalents

As of December 31, 2023 and as of December 31, 2024, the cash and cash equivalents amounted to RMB3,748.9 million and RMB2,781.3 million, respectively. The Group has sufficient working capital for operating requirements.

Inventories

As of December 31, 2023 and as of December 31, 2024, the inventories amounted to RMB2,581.1 million and RMB2,032.7 million, respectively, showing a decrease in inventory value.

Inventory turnover days were 12 days in 2023 and 15 days in 2024, respectively.

Prepayments, Deposits and Other Receivables

As at December 31, 2023 and December 31, 2024, the prepayments, deposits and other receivables amounted to RMB9,312.4 million and RMB9,056.3 million, respectively, representing a slight decrease over the last year.

Trade and Bills Payables

As at December 31, 2023 and December 31, 2024, the trade and bills payables were RMB15,516.0 million and RMB14,636.8 million, respectively, representing a decrease of 5.7%.

The trade and bills payables turnover days were 70 days in 2023 and 95 days in 2024, respectively.

Capital Expenditures

The capital expenditures for 2024 and 2023 were RMB27.9 million and RMB33.0 million, respectively, which were used primarily for acquisition of properties and equipment.

Employees and Remuneration Policy

As at December 31, 2024, the Group had employed a total of 3,845 employees. The Group hires and promotes its staff based on their individual on-the-job performance and development potential. The remuneration package of all the employees depends on their performance and market salary levels.

CONSOLIDATED STATEMENT OF PROFIT OR LOSS

For the year ended December 31, 2024

(Expressed in Renminbi)

	<i>Note</i>	2024 RMB'000	2023 RMB'000
Revenue	4	60,059,328	82,432,520
Cost of revenue		<u>(57,750,433)</u>	<u>(79,692,796)</u>
Gross profit		2,308,895	2,739,724
Other revenue	5(a)	43,154	44,941
Other net gain	5(b)	57,405	132,358
Research and development costs		(67,066)	(93,502)
Selling and marketing expenses		(1,075,414)	(1,380,775)
Administrative and other operating expenses		(364,328)	(373,844)
Impairment loss on trade and other receivables	6(c)	<u>(304,721)</u>	<u>(274,889)</u>
Profit from operations		<u>597,925</u>	<u>794,013</u>
Finance income	6(a)	163,951	263,295
Finance costs	6(a)	<u>(242,160)</u>	<u>(259,457)</u>
Net finance (costs)/income		(78,209)	3,838
Share of gains/(losses) of associates		196	(829)
Share of losses of a joint venture		<u>(680)</u>	<u>—</u>
Profit before taxation	6	519,232	797,022
Income tax	7	<u>(57,463)</u>	<u>(99,723)</u>
Profit for the year		<u>461,769</u>	<u>697,299</u>
Attributable to:			
Equity shareholders of the Company		269,738	448,275
Non-controlling interests		<u>192,031</u>	<u>249,024</u>
Profit for the year		<u>461,769</u>	<u>697,299</u>
Earnings per share	8		
Basic (RMB)		<u>0.49</u>	<u>0.80</u>
Diluted (RMB)		<u>0.49</u>	<u>0.80</u>

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the year ended December 31, 2024

(Expressed in Renminbi)

	Note	2024 RMB'000	2023 RMB'000
Profit for the year		461,769	697,299
Other comprehensive income for the year (after tax adjustments)			
<i>Item that may be reclassified subsequently to profit or loss:</i>			
Exchange difference on translation of financial statements of a subsidiary with functional currency other than Renminbi		<u>91</u>	<u>(13)</u>
Other comprehensive income for the year		<u>91</u>	<u>(13)</u>
Total comprehensive income for the year		<u>461,860</u>	<u>697,286</u>
Attributable to:			
Equity shareholders of the Company		269,829	448,262
Non-controlling interests		<u>192,031</u>	<u>249,024</u>
Total comprehensive income for the year		<u>461,860</u>	<u>697,286</u>

CONSOLIDATED STATEMENT OF FINANCIAL POSITION*(Expressed in Renminbi)*

		2024	2023
	<i>Note</i>	<i>RMB'000</i>	<i>RMB'000</i>
Non-current assets			
Property, plant and equipment		79,582	81,725
Right-of-use assets		79,358	78,293
Investment property		150,894	25,298
Interests in associates		12,623	11,831
Interests in a joint venture		14,020	14,700
Financial assets at fair value through other comprehensive income		2,000	2,000
Financial assets at fair value through profit or loss	<i>9</i>	959,355	898,163
Pledged deposits	<i>13(b)</i>	780,000	20,000
Time deposits	<i>13(c)</i>	470,000	430,000
Deferred tax assets		150,320	98,587
		2,698,152	1,660,597
Current assets			
Financial assets at fair value through profit or loss	<i>9</i>	3,516,166	2,434,550
Inventories	<i>10</i>	2,032,725	2,581,063
Trade and bills receivables	<i>11</i>	2,999,214	2,830,982
Prepayments, deposits and other receivables	<i>12</i>	9,056,338	9,312,440
Restricted deposits	<i>13(a)</i>	176,110	2,220
Pledged deposits	<i>13(b)</i>	4,454,957	5,682,725
Time deposits	<i>13(c)</i>	770,000	848,600
Cash and cash equivalents		2,781,257	3,748,938
Taxation recoverable		6,221	7,955
		25,792,988	27,449,473

	<i>Note</i>	2024 <i>RMB'000</i>	2023 <i>RMB'000</i>
Current liabilities			
Bank loans and other borrowings		1,116,494	368,605
Loans from non-controlling shareholders of subsidiaries		15,095	16,553
Lease liabilities		32,148	35,374
Financial liabilities at fair value through profit or loss		30	–
Trade and bills payables	<i>14</i>	14,636,785	15,516,038
Other payables and accruals		515,936	908,618
Contract liabilities	<i>15</i>	2,256,326	2,426,677
Taxation payable		58,194	44,912
		18,631,008	19,316,777
Net current assets		7,161,980	8,132,696
Total assets less current liabilities		9,860,132	9,793,293
Non-current liabilities			
Bank loans and other borrowings		181,200	241,600
Lease liabilities		51,432	39,664
Deferred income		17,000	17,000
		249,632	298,264
NET ASSETS		9,610,500	9,495,029
CAPITAL AND RESERVES			
Share capital		562,570	562,570
Treasury shares	<i>18</i>	(224,923)	(92,903)
Reserves		7,449,583	7,302,792
Total equity attributable to equity shareholders of the Company		7,787,230	7,772,459
Non-controlling interests		1,823,270	1,722,570
TOTAL EQUITY		9,610,500	9,495,029

CONDENSED CONSOLIDATED CASH FLOW STATEMENT

for the year ended December 31, 2024

(Expressed in Renminbi)

	2024 <i>RMB'000</i>	2023 <i>RMB'000</i>
Net cash generated from operating activities	275,278	470,810
Net cash (used in)/generated from investing activities	(880,083)	942,854
Net cash used in financing activities	(363,004)	(1,746,977)
Net decrease in cash and cash equivalents	(967,809)	(333,313)
Cash and cash equivalents at the beginning of the year	3,748,938	4,082,240
Effect of foreign exchange rate changes	128	11
Cash and cash equivalents at the end of the year	<u>2,781,257</u>	<u>3,748,938</u>

NOTES

1 GENERAL INFORMATION

匯通達網絡股份有限公司 Huitongda Network Co., Ltd. (the “**Company**”) was established in the People’s Republic of China (the “**PRC**”) on December 6, 2010 as a limited liability company. Upon approval by the Company’s board meeting held on November 16, 2015, the Company was converted from a limited liability company into a joint stock limited liability company. The Company’s H shares were listed on the Main Board of the Stock Exchange of Hong Kong Limited on February 18, 2022.

The Company and its subsidiaries (together, the “**Group**”) are principally engaged in sales of a comprehensive suite of merchandise in the PRC and provision of intelligent business and marketing subscription service, offering merchant solutions and rendering other various related services.

2 BASIS OF PREPARATION

The consolidated financial statements have been prepared in accordance with all applicable International Financial Reporting Standards (“**IFRSs**”), which collective term includes all applicable individual International Financial Reporting Standards, International Accounting Standards (the “**IASs**”) and Interpretations issued by the International Accounting Standards Board (the “**IASB**”), using the historical cost convention, as modified by the revaluation of financial assets and liabilities at fair value. The consolidated financial statements also comply with the applicable disclosure provisions of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited.

The financial information relating to the year ended December 31, 2024 that is included in this annual results announcement does not constitute the Group’s consolidated financial statements for the year ended December 31, 2024 but is derived from those financial statements.

The consolidated financial statements for the year ended December 31, 2024 comprise the Group and the Group’s interests in associates and a joint venture.

3 CHANGES IN ACCOUNTING POLICIES

The IASB has issued the following new and amended IFRSs that are first effective for the current accounting period of the Group. Of these, the following developments are relevant to the Group’s financial statements:

- Amendments to IAS 1, *Presentation of financial statements – Classification of liabilities as current or non-current* (“2020 amendments”) and amendments to IAS 1, *Presentation of financial statements – Non-current liabilities with covenants* (“2022 amendments”)
- Amendments to IFRS 16, *Leases – Lease liability in a sale and leaseback*
- Amendments to IAS 7, *Statement of cash flows* and IFRS 7, *Financial instruments: Disclosures – Supplier finance arrangements*

None of these developments had a material effect on how the Group’s results and financial position for the current or prior periods have been prepared or presented. The Group has not applied any new standard or interpretation that is not yet effective for the current accounting period.

4 REVENUE AND SEGMENT REPORTING

(a) Revenue

The principal activities of the Group are sales of a comprehensive suite of merchandise in the PRC and provision of intelligent business and marketing SaaS+ subscription service, offering merchant solutions and rendering other various related services. Further details regarding the Group's principal activities are disclosed in Note 4(b).

(i) Disaggregation of revenue

Disaggregation of revenue from contracts with customers by major business lines is as follows:

	2024 <i>RMB'000</i>	2023 <i>RMB'000</i>
Revenue from contracts with customers within the scope of IFRS 15		
Revenue from merchandise sales	59,269,204	81,616,120
Commission income	263	1,975
Revenue from SaaS+ subscription	510,851	562,041
Revenue from merchant solutions	99,623	92,678
Revenue from other services	179,387	159,706
	60,059,328	82,432,520

Disaggregation of revenue from contracts with customers by the timing of revenue recognition is set out below:

	2024 <i>RMB'000</i>	2023 <i>RMB'000</i>
A point in time	59,548,477	81,870,479
Over time	510,851	562,041
	60,059,328	82,432,520

The Group's customer base is diversified and nil (2023: nil) of the customers with whom transactions have exceeded 10% of the Group's revenues for the year ended December 31, 2024.

(ii) Revenue expected to be recognized in the future arising from contracts with customers in existence at the reporting date

The Group has applied the practical expedient in paragraph 121 of IFRS 15 to its sales contracts for goods and services such that information about revenue expected to be recognized in the future is not disclosed in respect of revenue that the Group will be entitled to when it satisfies the remaining performance obligations under these contracts that had an expected duration of one year or less.

(b) Segment reporting

The Group manages its businesses by divisions, which are organized by business lines. In a manner consistent with the way in which information is reported internally to the Group's most senior executive management for the purposes of resource allocation and performance assessment, the Group has presented the following three reportable segments. No operating segments have been aggregated to form the following reportable segments.

Commerce business

The commerce business segment, which mainly includes direct sales and provision of marketplace service that enables merchants to sell their products to transacting users through the online platform. Revenue from commerce business primarily comprised revenue from merchandise sales and commission income.

Service business

The service business segment, which mainly represents the provision of intelligent business and marketing SaaS+ subscription service and a collection of merchant solutions.

Others

Revenues from the others are primarily derived from other services rendered by the Group.

(i) Segment results, assets and liabilities

For the purposes of assessing segment performance and allocating resources between segments, the Group's senior executive management monitors the results attributable to each reportable segment on the following bases:

Revenue and cost are allocated to the reportable segments with reference to sales generated by those segments and the costs incurred by those segments or which otherwise arise from the depreciation of certain assets attributable to those segments. The measure used for reporting segment profit is gross profit.

There were no separate segment assets and segment liabilities information provided to the Group's most senior executive management as Group's most senior executive management does not use this information to allocate resources to or evaluate the performance of the operating segments.

Information regarding the Group's reportable segments as provided to the Group's most senior executive management for the purpose of recourse allocated and assessment of segment performance for the years ended December 31, 2024 and 2023 is set out below.

	2024			
	Commerce business RMB'000	Service business RMB'000	Others RMB'000	Total RMB'000
Reportable segment revenue	<u>59,269,467</u>	<u>610,474</u>	<u>179,387</u>	<u>60,059,328</u>
Reportable segment profit	<u>1,639,455</u>	<u>529,371</u>	<u>140,069</u>	<u>2,308,895</u>
	2023			
	Commerce business RMB'000	Service business RMB'000	Others RMB'000	Total RMB'000
Reportable segment revenue	<u>81,618,095</u>	<u>654,719</u>	<u>159,706</u>	<u>82,432,520</u>
Reportable segment profit	<u>2,039,920</u>	<u>574,008</u>	<u>125,796</u>	<u>2,739,724</u>

The reconciliation of gross profit to profit before tax for the years ended December 31, 2024 and 2023 is shown in the consolidated statements of profit or loss.

(ii) *Geographic information*

IFRS 8, *Operating Segments*, requires identification and disclosure of information about an entity's geographical areas, regardless of the entity's organization (i.e. even if the entity has a single reportable segment). The Group operates within one geographical location because primarily all of its revenue was generated in the PRC and primarily all of its non-current assets and capital expenditure were located/incurred in the PRC. Accordingly, no geographical information is presented.

5 OTHER REVENUE AND OTHER NET GAIN

(a) Other revenue

	2024 RMB'000	2023 <i>RMB'000</i>
Government grants	39,727	41,134
Others	3,427	3,807
	43,154	44,941

(b) Other net gain

	2024 RMB'000	2023 <i>RMB'000</i>
Net realized and unrealized gain on financial assets at fair value through profit or loss	69,629	171,172
Net loss on disposal of interests in subsidiaries	(10,635)	(19,794)
Impairment loss on investment property	(10,893)	(4,221)
Net (loss)/gain on disposal of property, plant and equipment and investment property	(2,297)	449
Net foreign exchange gain	(145)	35,655
Net realized and unrealized loss on financial liabilities at fair value through profit or loss	(56)	(63,189)
Others	11,802	12,286
	57,405	132,358

6 PROFIT BEFORE TAXATION

Profit before taxation is arrived at after charging/(crediting):

(a) Net finance costs/(income)

	2024 <i>RMB'000</i>	2023 <i>RMB'000</i>
Interest income from bank deposits	<u>(163,951)</u>	<u>(263,295)</u>
Finance income	<u>(163,951)</u>	<u>(263,295)</u>
Interest expenses on discounted bills and bank loans	238,740	255,138
Interest expenses on loans from non-controlling shareholders of subsidiaries	453	321
Interest expenses on lease liabilities	<u>2,967</u>	<u>3,998</u>
Finance costs	<u>242,160</u>	<u>259,457</u>
Net finance costs/(income)	<u>78,209</u>	<u>(3,838)</u>

(b) Staff costs

	2024 <i>RMB'000</i>	2023 <i>RMB'000</i>
Salaries, wages and other benefits	529,923	632,922
Contributions to defined contribution retirement plans	34,483	37,273
Equity settled share-based payment expenses	<u>32,939</u>	<u>27,791</u>
	<u>597,345</u>	<u>697,986</u>

(c) **Other items**

	2024 <i>RMB'000</i>	2023 <i>RMB'000</i>
Cost of inventories recognized as expenses (<i>Note i</i>)	57,560,902	79,410,844
Depreciation charge		
– owned property, plant and equipment	22,311	21,994
– right-of-use assets	40,828	51,246
– investment property	3,895	545
Impairment loss on investment property	10,893	4,221
Research and development costs (<i>Note ii</i>)	67,066	93,502
Provision for credit loss on trade and other receivables		
– expected credit loss on trade and other receivables	308,982	277,321
– write-on of other receivables previously written off	(4,261)	(2,432)
Provision for/(reversal of) write-down of inventories	38,350	(2,959)

Notes:

- (i) Cost of inventories recognized as expenses includes provision for write-down of inventories.
- (ii) Research and development costs include amounts relating to staff costs and depreciation expenses, which are also included in the respective total amounts disclosed separately above or in Note 6(b) for each of these types of expenses.

7 INCOME TAX IN THE CONSOLIDATED STATEMENT OF PROFIT OR LOSS

	2024 <i>RMB'000</i>	2023 <i>RMB'000</i>
Current tax		
Provision for the year	111,675	102,949
Deferred tax		
Origination and reversal of temporary differences	(54,212)	(3,226)
Total income tax expense	57,463	99,723

8 EARNINGS PER SHARE

(a) Basic earnings per share

The calculation of the basic earnings per share is based on the profit attributable to ordinary equity shareholders of the Company of RMB269,738,000 (2023: RMB448,275,000). The weighted average number of ordinary shares for the purpose of basic earnings per share is calculated as follows:

	2024	2023
Issued ordinary shares at the beginning of the year	562,569,837	562,569,837
Treasury shares at the beginning of the year	(3,450,400)	–
Effect of purchase of own shares (<i>Note 18</i>)	(4,732,641)	(1,025,739)
Effect of vested shares under the RSU Scheme (<i>Note 16</i>)	41,632	–
	<u>554,428,428</u>	<u>561,544,098</u>
Weighted average number of ordinary shares at the end of the year for the purpose of basic earnings per share		

(b) Diluted earnings per share

The calculation of the basic earnings per share is based on the profit attributable to ordinary equity shareholders of the Company of RMB269,738,000 (2023: RMB448,275,000). The weighted average number of ordinary shares for the purpose of diluted earnings per share is calculated as follows:

	2024	2023
Weighted average number of ordinary shares at the end of the year for the purpose of basic earnings per share	554,428,428	561,544,098
Effect of outstanding shares under the RSU Scheme (<i>Note 16</i>)	–	205,104
	<u>554,428,428</u>	<u>561,749,202</u>
Weighted average number of ordinary shares at the end of the year for the purpose of diluted earnings per share		

9 FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS

	2024 RMB'000	2023 RMB'000
Financial assets at FVPL – non-current portion		
– Unlisted investments	386,308	361,834
– Structured deposits and wealth management products	573,047	536,329
	<u>959,355</u>	<u>898,163</u>
Financial assets at FVPL – current portion		
– Structured deposits and wealth management products	3,516,166	2,434,410
– Future contracts	–	140
	<u>3,516,166</u>	<u>2,434,550</u>
	<u>4,475,521</u>	<u>3,332,713</u>

The Group's non-current balances of financial assets at FVPL represent investments in private companies established in the PRC and certain structured deposits and wealth management products issued by various financial institutions in the PRC with a floating return. The unlisted investments are the Group's interests in companies principally engaged in technology and new energy industries.

The Group's current balances of financial assets at FVPL mainly represent structured deposits and wealth management products issued by various financial institutions in the PRC with a floating return.

10 INVENTORIES

	2024 <i>RMB'000</i>	2023 <i>RMB'000</i>
Merchandise	2,000,080	2,356,255
Goods in transit	126,446	286,511
	<u>2,126,526</u>	<u>2,642,766</u>
Write-down of inventories	<u>(93,801)</u>	<u>(61,703)</u>
	<u><u>2,032,725</u></u>	<u><u>2,581,063</u></u>

11 TRADE AND BILLS RECEIVABLES

	2024 <i>RMB'000</i>	2023 <i>RMB'000</i>
Trade receivables	1,875,132	1,969,744
Bills receivable	1,192,392	956,193
	<u>3,067,523</u>	<u>2,925,937</u>
Less: loss allowance	<u>(68,310)</u>	<u>(94,955)</u>
	<u><u>2,999,214</u></u>	<u><u>2,830,982</u></u>

Ageing analysis

As of the end of the reporting period, the ageing analysis of trade and bills receivable, based on the invoice date and net of loss allowance, is as follows:

	2024 <i>RMB'000</i>	2023 <i>RMB'000</i>
Within 3 months	2,536,298	2,488,862
Over 3 months but within 12 months	191,498	96,524
Over 12 months	271,418	245,596
	<u>2,999,214</u>	<u>2,830,982</u>

Trade receivables are generally due within 90 days from the date of billing.

12 PREPAYMENTS, DEPOSITS AND OTHER RECEIVABLES

	2024 <i>RMB'000</i>	2023 <i>RMB'000</i>
Prepayments	8,146,179	8,246,328
Value added tax recoverable	147,077	156,919
Refund receivables from suppliers	586,345	489,538
Amounts due from former subsidiaries	442,848	526,263
Interest receivables	63,482	119,897
Other deposits and receivables	309,511	277,172
	<u>9,695,442</u>	<u>9,816,117</u>
Less: loss allowance	<u>(639,104)</u>	<u>(503,677)</u>
	<u><u>9,056,338</u></u>	<u><u>9,312,440</u></u>

13 RESTRICTED DEPOSITS, PLEDGED DEPOSITS AND TIME DEPOSITS

(a) Restricted deposits comprise:

	2024 <i>RMB'000</i>	2023 <i>RMB'000</i>
Restricted deposits related to litigation	173,523	1,461
Other restricted deposits	<u>2,587</u>	<u>759</u>
	<u><u>176,110</u></u>	<u><u>2,220</u></u>

(b) Pledged deposits comprise:

	2024 <i>RMB'000</i>	2023 <i>RMB'000</i>
Current portion	4,454,957	5,682,725
Non-current portion	<u>780,000</u>	<u>20,000</u>
Pledged deposits for issuance of bill payables, letters of guarantee and bank facilities	<u><u>5,234,957</u></u>	<u><u>5,702,725</u></u>

The pledged deposits will be released upon the settlement of the relevant bills payable, letters of guarantee and repayment of relevant bank loans.

(c) Time deposits comprise:

	2024 <i>RMB'000</i>	2023 <i>RMB'000</i>
Current portion	770,000	848,600
Non-current portion	<u>470,000</u>	<u>430,000</u>
	<u><u>1,240,000</u></u>	<u><u>1,278,600</u></u>

14 TRADE AND BILLS PAYABLES

	2024 RMB'000	2023 <i>RMB'000</i>
Trade payables	1,070,684	939,025
Bills payable	13,566,101	14,577,013
	14,636,785	15,516,038

As of the end of the reporting period, the ageing analysis of the Group's trade and bills payable, based on the Group's invoice date, is as follows:

	2024 RMB'000	2023 <i>RMB'000</i>
Within 3 months	7,628,373	9,495,937
3 to 12 months	6,889,883	5,899,438
Over 12 months	118,529	120,663
	14,636,785	15,516,038

15 CONTRACT LIABILITIES

	2024 RMB'000	2023 <i>RMB'000</i>
Balance at the beginning of the year	2,426,677	2,821,954
Decrease in contract liabilities as a result of recognizing revenue during the year that was included in the contract liabilities at the beginning of the year	(2,149,522)	(2,666,768)
Increase in contract liabilities as a result of receiving advance payments during the year	2,091,724	2,324,194
Decrease in contract liabilities as a result of disposal of interests in subsidiaries	(112,553)	(52,703)
Balance at the end of the year	2,256,326	2,426,677

16 EQUITY SETTLED SHARE-BASED TRANSACTION

The Restricted Share Unit (“RSU”) Scheme (the “RSU Scheme”)

On November 28, 2022, the shareholders of the Company approved the adoption of the RSU Scheme and would grant up to 5% of the total number of issued H Shares as at the relevant grant date to the directors and the supervisors of the Company and employees of the Group (the “Participants”).

On April 6, 2023 and December 27, 2023, pursuant to the approval of the Company’s remuneration and appraisal committee, 4,755,400 and 4,157,000 RSUs, representing 4,755,400 and 4,157,000 underlying H shares, were granted to and accepted by the Participants under the RSU Scheme in aggregate, respectively.

On May 31, 2024, pursuant to the approval of the Company’s remuneration and appraisal committee, 413,000 RSUs, representing 413,000 underlying H shares, were granted to and accepted by the Participants under the RSU Scheme in aggregate.

(a) The terms and conditions of the grants are as follows:

Restricted shares granted to directors, supervisors and employees:	Number of RSUs	Vesting condition	Consideration per RSU RMB
– on April 6, 2023	4,372,000	Graded vest of 10% of 4,372,000 RSUs in November 2024, 20% of 4,372,000 RSUs in November 2025, 2026 and 2027, respectively, 30% of 4,372,000 RSUs in November 2028 and subject to performance conditions	Nil
– on April 6, 2023	383,400	Cliff vest of 383,400 RSUs in April 2026 and subject to performance conditions	Nil
– on December 27, 2023	4,157,000	Cliff vest of 4,157,000 RSUs in April 2027 and subject to performance conditions	Nil
– on May 31, 2024	413,000	Cliff vest of 413,000 RSUs in April 2027 and subject to performance conditions	Nil

(b) A summary of RSUs outstanding for the year ended December 31, 2024:

	2024		2023	
	Weighted average grant-date fair value RMB	Number of RSUs	Weighted average grant-date fair value RMB	Number of RSUs
Balance at the beginning of the year	26.25	8,570,520	–	–
Grant during the year	25.64	413,000	26.26	8,912,400
Vesting during the year	26.40	(249,790)	–	–
Forfeited during the year	26.23	(3,132,330)	26.40	(341,880)
Balance at the end of the year	26.21	5,601,400	26.25	8,570,520

(c) **Fair value of restricted shares granted**

The grant-date fair value of the RSUs granted is measured based on the closing price of the Company's shares at the respective grant date.

During the year ended December 31, 2024, the total expenses recognized in the consolidated statement of profit or loss for the above transactions are RMB31,252,000 (2023: RMB24,972,000).

Employee Share Purchase Plan (the "ESPP")

In 2022, the Group adopted an ESPP, pursuant to which, a partnership established in the PRC, of which the general partner is one of the senior management and the limited partners consisted of employees of the Group, invested in Company's subsidiary Huitone Datatech Smart Technology Co., Ltd. (the "Target Company") by way of acquiring equity interests from the Group. All participants of the ESPP have purchased equity interests in respective partnership at amounts specified in the respective partnership agreement.

The ESPP contains a service condition. Senior management and employees participating in the plan have to transfer out their equity interests if their employments with the Group were terminated within the vesting period, to a person or a party nominated by the general partner of the partnership or by the Company at a price no higher than the amounts specified in the respective partnership agreement. The fair value of the ESPP at the grant date, being the difference between the consideration and the fair value of the equity interests subscribed shall be spread over the vesting period and recognized as staff costs in the profit or loss.

The fair value of the equity interests subscribed was measured by reference to the third party valuer's valuation report.

For the year ended December 31, 2024, the total expenses recognized in the consolidated statement of profit or loss for the above transactions are RMB1,687,000 (2023: RMB2,819,000).

17 DIVIDENDS

The directors of the Company did not propose the payment of any dividend during the years ended December 31, 2024 and 2023.

18 TREASURY SHARES

During the year, the Company repurchased its own shares through a trust, on The Stock Exchange of Hong Kong Limited pursuant to the RSU Scheme (Note 16) as follows:

Trading month	Number of shares repurchased	Highest price paid per share HK\$	Lowest price paid per share HK\$	Aggregate price HK\$
January 2024	4,868,500	31.05	27.10	145,797,236
April 2024	10,000	30.90	30.80	308,605
May 2024	30,000	27.10	26.50	804,470
September 2024	190,300	20.55	18.52	3,707,900
October 2024	23,500	18.96	17.98	440,134
Total				<u>151,058,345</u>
Equivalent to RMB				<u>138,745,000</u>

The total amount paid on the repurchased shares of HK\$151,058,345 (equivalent to RMB138,745,000) was recognized as treasury shares.

OTHER INFORMATION

1. Purchase, Sale or Redemption of the Company's Securities

During the Reporting Period, neither the Company nor any of its subsidiaries has purchased, sold or redeemed any of the Company's listed securities (including sales of treasury shares (as defined under the Listing Rules)).

As at the end of the Reporting Period, the Company did not hold any treasury shares.

2. Final Dividend

Pursuant to the relevant provisions of the Company Law of the People's Republic of China and the Company's articles of association relating to the distribution of profits, the Board does not recommend the payment of final dividend for the year ended December 31, 2024 (2023: nil).

3. Annual General Meeting

A notice convening the annual general meeting of the Company will be published on the websites of the Stock Exchange (www.hkexnews.hk) and the Company (www.htd.cn) in due course, and such notice will be dispatched to the H Shareholders by the means of receipt of communications chosen by such H Shareholders.

4. Corporate Governance Practice

The Company is committed to maintaining sound corporate governance to guarantee the interests of the Shareholders and enhance the corporate value and accountability. The Company has adopted the principles and code provisions of the Corporate Governance Code as the basis of the corporate governance practice of the Company.

During the Reporting Period, the Company has complied with the code provisions of the Corporate Governance Code.

5. Model Code for Securities Transactions

The Company has adopted the Model Code as its code of conduct for securities transactions by the Directors and Supervisors. After making enquiries to all Directors and Supervisors, all Directors and Supervisors have confirmed that they have complied with the Model Code during the Reporting Period.

6. Audit Committee

The Audit Committee comprises three independent non-executive Directors, namely Ms. Yu Lixin (chairlady), Mr. Liu Xiangdong and Mr. Diao Yang.

The Company's audited annual results for the year ended December 31, 2024 have been reviewed by the Audit Committee. The Audit Committee considered that the preparation of the relevant financial statements has complied with the accounting standards and requirements used and that adequate disclosure has been made. The Audit Committee has also reviewed the accounting principles and practices adopted by the Group, and the selection and appointment of external auditor.

7. Scope of Work of KPMG

The financial figures in respect of the Group's consolidated statement of profit or loss, consolidated statement of profit or loss and other comprehensive income, consolidated statement of financial position, condensed consolidated cash flow statement and the related notes thereto for the year ended December 31, 2024 as set out in the preliminary announcement have been agreed by the Company's auditor, KPMG, Certified Public Accountants (the "**Auditor**"), to the amounts set out in the Group's consolidated financial statements for the Year. The work performed by the Auditor in this respect did not constitute an assurance engagement and consequently no opinion or assurance conclusion has been expressed by the Auditor on the preliminary announcement.

8. Significant Event After the Reporting Period

Change of non-executive Director

Due to change in work arrangement, Mr. Wang Ran has resigned as a non-executive Director, effective from March 27, 2025.

In view of the resignation of Mr. Wang Ran, the Company considered and approved, among other things, the resolution in relation to the proposed election of Ms. Xu Di ("**Ms. Xu**") as a candidate for non-executive Director of the third session of the Board at the Board meeting held on February 24, 2025. Such resolution was subsequently considered and approved by the Shareholders at the 2025 first extraordinary general meeting held by the Company on March 27, 2025. The term of office of Ms. Xu shall be effective from March 27, 2025 until the expiry of the term of office of the third session of the Board, and she shall be eligible for re-election upon expiry of her term of office.

Save as disclosed above, after the Reporting Period and up to the date of this announcement, there were no significant subsequent events affecting the Group.

9. Publication of the Annual Results and Annual Report

This annual results announcement is published on the websites of the Stock Exchange (www.hkexnews.hk) and the Company (www.htd.cn). The annual report for the Company for the year ended December 31, 2024 containing all information required by the Listing Rules will be published on the above websites and dispatched to the H Shareholders by the means of receipt of communications chosen by the H Shareholders in due course.

DEFINITIONS

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

“AIaaS”	AI as a service
“Audit Committee”	the audit committee of the Board
“Board”	the board of director(s) of the Company
“China” or “PRC”	the People’s Republic of China
“Company” or “Huitongda”	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 Stock Exchange (Stock code: 9878)
“Corporate Governance Code”	Corporate Governance Code set out in Appendix C1 to the Listing Rules
“Director(s)”	the director(s) of the Company
“Group”	the Company and its subsidiaries (or the Company and any one or more of its subsidiaries, as the context may require)
“H Share(s)”	overseas listed foreign Shares in the share capital of the Company with a nominal value of RMB1.00 each
“H Shareholder(s)”	holder(s) of H Share(s)
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC
“POP”	the partner open platform
“Listing Rules”	the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (as amended, supplemented or otherwise modified from time to time)
“Model Code”	Model Code for Securities Transactions by Directors of Listed Issuers set out in Appendix C3 to the Listing Rules
“Reporting Period” or “Year”	the year ended December 31, 2024
“RMB”	Renminbi, the lawful currency of the PRC
“RSU(s)”	restricted share unit(s), each share unit represents one underlying H Share of an award granted to a selected participant

“RSU Scheme”	the restricted share unit scheme adopted by the Company as resolved by the Board on October 11, 2022 and considered and approved by the Shareholders at the general meeting on November 28, 2022
“SaaS”	software as a service
“SaaS+”	SaaS products combined with value-added services such as offline marketing services provided onsite
“Shareholder(s)”	the shareholder(s) of the Company
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“subsidiary(ies)”	has the meaning ascribed to it under the Listing Rules
“Supervisor(s)”	member(s) of the board of supervisors of the Company
“%”	per cent

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

Nanjing, the PRC
March 27, 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.