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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)

INTERIM RESULTS ANNOUNCEMENT FOR THE SIX MONTHS ENDED JUNE 30, 2025

The Board of Huitongda Network Co., Ltd. is pleased to announce the unaudited consolidated interim results of the Company and its subsidiaries for the six months ended June 30, 2025. These results have been prepared in accordance with the applicable disclosure requirements of the Listing Rules and the International Accounting Standard 34, Interim Financial Reporting, 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 interim results.

In this announcement, “we”, “us”, and “our” refer to the Company and where the context otherwise requires, the Group.

MANAGEMENT DISCUSSION AND ANALYSIS

BUSINESS REVIEW

Amidst multiple challenges posed by the complex and severe external environment and pressure on domestic consumption recovery, the Group firmly promoted the strategy of “Enhancing Quality and Efficiency, and Promoting Innovative Development”, continuously strengthened the fundamentals of its business, and ensured the stable operation of its core businesses. Against the backdrop of technological innovation and consumption revitalization, the Group vigorously promoted innovative development, actively fostered new quality productive forces, seized emerging consumption trends, continuously innovated its business models and built new growth drivers, delivering a performance that demonstrated both resilience and smart transformation in the first half of 2025.

During the Reporting Period, the Group achieved a profit from operations of RMB356 million, representing a year-on-year increase of 15.9%. Profit attributable to equity shareholders of the Company amounted to RMB139 million, representing a year-on-year increase of 10.8%. The gross profit margin increased significantly by 1.1 percentage points to 4.6%, representing a year-on-year increase of 31.4%. Net cash generated from operating activities significantly increased by 65.7% year-on-year. All three core financial indicators, gross profit margin, net profit margin and net profit margin attributable to equity shareholders of the Company, reached their highest levels in the Group’s history. AI-related revenue built from scratch and achieved remarkable results. These initially demonstrate the effectiveness of strategic adjustments and the continuous improvement of operating fundamentals, and indicate that the Group has shifted from pursuing scale expansion to a healthy and sustainable development path which prioritizes the quality of development and the improvement of profitability.

| | For the six months ended June 30, | | | | |
|---|-----------------------------------|----------------------------|------------|----------------------------|---------------------|
| | 2025 | | 2024 | | |
| | Amount | As a percentage of revenue | Amount | As a percentage of revenue | Year-on-year change |
| | (RMB'000, except for percentage) | | | | |
| Revenue | 24,341,934 | | 32,855,766 | | (25.9%) |
| Gross profit | 1,129,873 | 4.6% | 1,142,231 | 3.5% | (1.1%) |
| Gross profit margin | 4.6% | | 3.5% | | +31.4% |
| Profit from operations | 356,122 | 1.5% | 307,310 | 0.9% | +15.9% |
| Profit for the period | 238,600 | 1.0% | 229,269 | 0.7% | +4.1% |
| Profit attributable to equity shareholders of the Company | 138,606 | 0.6% | 125,087 | 0.4% | +10.8% |
| Net cash generated from operating activities | 412,551 | | 248,976 | | +65.7% |

Steadily Improving the Smart Supply Chain Capacity

During the Reporting Period, revenue from direct sales was RMB23.96 billion, representing a year-on-year decrease of 26.0%, primarily due to the Group's strategic upgrade initiated in the second half of 2024, focusing on improving quality and efficiency and leading to the proactive optimization of certain inefficient businesses, coupled with a relatively high revenue base in the first half of 2024. The Group's revenue structure continued to improve, with the proportion of revenue from member retail stores further increasing to 47.4%, which directly reflected the Group's continued strengthening of its capability of "short supply chain (短鏈)", resulting in shorter channels, stronger stickiness and higher value.

During the Reporting Period, the Group continued to improve independent and controllable supply chain capacity, and upgraded the smart supply chain system. Based on the characteristics of consumption and distribution in townships, and to further promote innovation and efficiency enhancement across the whole industrial chain, the Group upgraded and launched three major smart supply chain projects on February 28, 2025, namely the "Brand Express Project (品牌直通車工程)", the "Self-owned Brand Ecosystem Development Project (自有品牌生態群工程)" and the "Open Smart Supply Chain Project (開放式智慧供應鏈工程)". These initiatives focus on creating an innovative supply chain model characterized by "reverse supply chain + short supply chain + digitalization (反向+短鏈+數字化)" to further enhance efficiency and reduce costs across the whole industrial chain, achieving win-win outcomes for manufacturers, distributors, rural family-run businesses and consumers. The supply chain upgrade achieved certain results in the first half of 2025:

1. Strengthening the cooperation with leading brands: The Group continued to drive the deepening development of its supply chain across existing industries, consolidating existing cooperation with leading brand manufacturers while continuously expanding into new cooperation with leading brands to create a high-quality and well-priced commodity supply ecosystem. In the household appliances sector, the Group continued to deepen collaborations with leading brands such as Gree, Midea, Haier, WAHIN and Siemens, while initiating cooperation with brand manufacturers, such as Jiangxi Jinzhi, Wuhu Xinmei and Guangdong Kangbao, further replenishing the supply chain product pool and increasing gross profit margins. In the consumer electronics sector, the Group continued to deepen the cooperation with Apple, with a total of 1,804 O2O stores expanded and O2O business scale growing by 203% year-on-year. In the agricultural means of production sector, the Group established deep partnerships with factories such as Shandong Ruixing and Ningxia Lanfeng, continuing to deepen the operations in the nitrogen fertilizers and pesticide supply chains. In the vehicles and auto parts and homebuilding and renovation materials sector, the Group focused on quality improvement and efficiency enhancement, stabilizing existing profitable businesses, and continuously reducing low-margin businesses. In the liquor and beverages sector, the Group added new brand cooperation with Kaitan Liquor, Dukang Liquor, Panda Fine Brewing and Robust.

2. Initial establishment of self-owned brand matrix, and unleashing potential of the integrated production and marketing: In the first half of 2025, the Group continued to build a flexible supply chain characterized by “demand-based production + short supply chain (以需定產+短鏈)”. The sales scale of its self-owned brand exceeded RMB80 million in the first half of 2025, representing a year-on-year increase of 490.7%, marking a substantial breakthrough in the Group’s flexible supply chain model.
3. Continuously expanding into new product categories and new channels: Focusing on emerging demands such as health, elderly-friendly products and quality life, the Group continued to develop new product categories operations. In the first half of 2025, the Group entered into a strategic cooperation with Oulin Group Co., Ltd. to co-develop products and co-build channels centering on elderly-friendly kitchen and bathroom renovation; it also entered into a strategic cooperation with BOIN Hearing Technology (Shanghai) Co., Ltd. to promote the “popularization of domestic products” and “price alternatives” for hearing-aid devices in the lower-tier market. On the other hand, the Group continued to expand into new channels, further enhanced its online operation capabilities with “social, content and private domain (社交、內容、私域)” e-commerce as the core, and successively launched and operated Tmall official flagship stores and JD.com official flagship stores, while actively exploring and deploying cross-border overseas business.

Launch of AI+SaaS Products, and Initially Achieving Results in Customer Operations

In the first half of 2025, the Group focused on the core “AI+SaaS” track, which is driven by product innovation, centered on scenario implementation and supported by ecosystem collaboration. Efforts were continuously made to enhance the empowerment capabilities for member retail stores, promoting the business upgrade from “traditional SaaS” to “AI+SaaS,” with phased achievements realized.

In terms of AI+SaaS products, core products were upgraded: In April 2025, the “Qiancheng AI Super Store Manager (千橙AI超級店長)” APP was officially launched. Building on the existing store SaaS solutions, it comprehensively integrated AI Agent functional modules, covering all aspects of store operations such as “intelligent product selection, intelligent marketing and intelligent planning.” Over 24 scenario-based AI Agents were released in total. This product can automatically complete 60% of daily store management tasks, significantly reducing operational costs and labor input for small and medium-sized retail stores.

AI+SaaS products officially entered the commercialization phase in May 2025. Sample statistics show that member retail stores utilizing AI tools experienced an average operational efficiency improvement of over 30%, with inventory turnover shortened by 15% to 20%. Initial results were achieved in empowering member retail stores through AI+SaaS products. During the Reporting Period, AI-related revenue accounted for approximately 20% of total service revenue.

In terms of customer service, member retail stores were empowered in a specialized manner: The Group continued to carry out specialized empowerment activities for members and collaborated with brand manufacturers on major promotional events. In partnership with the Jiangsu Provincial Committee of the Communist Youth League, the “Jiangsu Youth-owned Small Stores (蘇青小店)” cultivation program was launched, providing comprehensive AI+SaaS empowerment to over 10,000 youth-owned small stores. Additionally, two major initiatives, the Online Promotion of Foreign Trade Quality Products (外貿優品網上行) and the 418 Township Market Shopping Festival (418鄉鎮集市購物節), were introduced. In the first half of 2025, the Group helped member retail stores organize five nationwide promotional events, with personalized store activities covering over 36 thousand store instances, effectively increasing customer traffic and sales.

During the Reporting Period, revenue of the Group from service business segment amounted to RMB0.312 billion. The total number of registered member retail stores exceeded 251 thousand, and the number of active member retail stores exceeded 98 thousand. The number of SaaS+ subscription users amounted to approximately 107 thousand, of which the number of paid SaaS+ users exceeded 35 thousand, and the revenue of SaaS+ subscription amounted to RMB0.25 billion.

Continuously Strengthening AI Technological Capabilities, while AI Agent Gradually Penetrating Multiple Business Scenarios

In the first half of 2025, amidst the wave of AI, the Group actively made strategic deployments and continued to invest in two major directions, namely maintaining leadership in public platforms and enabling in-depth AI empowerment for industries. In the first half of 2025, the Group launched AI+ strategy, which can be summarized as “One Cloud + Three Major Projects (一朵雲+三大工程)”:

1. “Qiancheng Cloud AI (千橙雲AI)” Industry-specific Large Model: A vertical large model trained for township commercial scenarios, supporting applications such as intelligent product selection and marketing copy generation. It successfully completed filing with the Cyberspace Administration of China in May 2025, becoming one of the few vertical large models in China adapted for township commercial scenarios, and providing exclusive AI computing power and algorithm support for upstream and downstream industries;
2. AI + Industry Platform Project: It has linked to over 500 upstream factories, optimizing supply chain efficiency through demand forecasting algorithms and enhancing industrial chain collaboration efficiency. An initial framework of smart supply chain has been established;
3. AI+SaaS Service Project: With “Qiancheng AI Super Store Manager (千橙AI超級店長)” as the core vehicle, it covers eight core scenarios in retail stores, including commodity management, marketing promotion, customer service and data analysis, deploying AI Agent assistants to help stores achieve comprehensive efficiency improvements in aspects such as intelligent product management and marketing content creation, which can automatically complete 60% of daily store management tasks; and
4. AI + Intelligent Terminal Project: Launched AI payment terminals, edge computing, smart store patrol and other integrated hardware and software solutions to provide upstream and downstream customers with convenient one-stop AI retail solutions.

In August 2025, the Group entered into a comprehensive full-stack AI collaboration with Alibaba Cloud. Through resource integration and complementary strengths, both parties jointly explore innovation and application prospects of artificial intelligence and digital solutions, deepening the collaborative efforts in the fields of cloud computing, artificial intelligence, and digitalization of the lower-tier market. The Group's self-developed industry-specific vertical large model, Qiancheng Cloud AI, will be fully integrated with Qwen Large Model. Leveraging the Group's in-depth experience in the retail industry, the Group will merge the large model and related AI capabilities with its industrial data, and both parties will jointly create a matrix of "Large Model Intelligent Agent for Small Stores (小店大模型智能體)", "AI Sales Intelligent Agent (AI 銷售智能體)", "Sales Forecasting Intelligent Agent (銷售預測智能體)" and "AI Customer Service Chatbot (AI 客服機器人)" to enhance the intelligent service capabilities across the S2b2c (Supplier to Business to Customer) supply chain, and jointly build marketing customer acquisition and intelligent sales capabilities in the lower-tier market. Meanwhile, the Group will further develop an AI retail "data bank" for the lower-tier market to accumulate core data assets. Combined with the Group's years of industrial operation data in the lower-tier market, the Group have established multi-dimensional collaboration with Alibaba Cloud in areas such as data analysis and data assets.

Starting from independent research and development of industry-specific vertical large models, to the integration of mainstream large models such as DeepSeek and KIMI in February 2025 with the rapid launch of software applications, and the conclusion of a comprehensive full-stack AI cooperation with Alibaba Cloud in August 2025, the Group has been continuously expanding its commercialization scenarios. The data assets accumulated over more than a decade will, in the AI era, find application in a broader range of business scenarios, bringing benefits to upstream and downstream partners and further enhancing the platform's value.

Constantly Enhancing Corporate Influence

In the first half of 2025, the Group actively implemented the strategy of rural revitalization, fulfilled its social responsibilities, and continued to deepen the empowerment of the real economy, thus gaining full attention and recognition from governments at all levels and all sectors of society. Leaders from the Jiangsu Provincial Party Committee, the Organization Department of the Provincial Party Committee, the Provincial United Front Work Department and the Provincial Department of Commerce visited for research and inspections for many times, and have highly praised for the Group's undertakings.

In the first half of 2025, the Company was awarded honors such as "Key Software Enterprise Encouraged by the State" and "High-tech Enterprise", and continued to be listed on the "Fortune China 500".

Constantly Improving Organization Capabilities

In the first half of 2025, the Group focused on organizational development that underpins its long-term strategic goals and continued to advance the upgrading of organizational capabilities. On the one hand, in alignment with its strategic direction and business structure planning, the Group continued to optimize its organizational structure and the staffing ratio of middle and back offices, so as to continuously enhance organizational efficiency and per capita output. On the other hand, the Group kept improving organizational and talent mechanisms by intensifying efforts in building a cadre cultivation implementing rotations for first-in-command positions, promoting the younger generation of cadres and reserving key talents. Meanwhile, the Group upgraded and iterated its assessment and incentive mechanisms to continuously boost organizational vitality, thus providing talent support for the Group's new development and solid organizational guarantee for the achievement of long-term strategic goals and sustainable development.

FUTURE PROSPECT

In the first half of 2025, driven by the dual benefits of the continuous support of policies such as “consumer goods trade-in (消費品以舊換新)” and “county-level commercial system construction (縣域商業體系建設)”, as well as the accelerated implementation of AI and big data technologies, the effectiveness of the Group's proactive strategic transformation in 2024 has initially emerged, with indicators such as gross profit margin, net profit margin, and net profit margin attributable to equity shareholders of the Company reaching historically highest level of the Group. However, this is only the beginning, and there remains significant growth potential for the future. In the second half of 2025, the Group will continue to implement the fundamental principle of “quality improvement, efficiency enhancement and growing towards new horizons (提質增效、向新生長)”. On the one hand, it will maintain the fundamentals, continue to implement the business strategy of quality improvement and efficiency enhancement for existing businesses, keep improving operational quality, and optimize business structure and resource allocation. On the other hand, looking to the future, it will persist in driving innovative development, accelerating the transition from the “business optimization phase” to the “value release phase”, and put into effect the following key initiatives:

Focusing on the development of smart supply chain capabilities, the Group will continue to advance the implementation of the supply chain upgrade strategy. Building on the ongoing in-depth efforts in existing industries, the Group will expand into new product categories and new sales channels to enhance profitability: On the product front, the Group will upgrade the customer service system and develop high-frequency consumer goods categories in response to new consumption trends such as hard discount and instant retail. The Group will vigorously explore new high-quality productivity categories, such as smart small appliances, AI consumer electronics, robotics and elderly-friendly health products. The Group will also continue to strengthen the operation of self-owned brands, accelerate the scale breakthrough of self-owned brands, improve gross profits, link to high-quality production capacity, and continuously enhance the integrated production and sales capabilities. On the channel side, while continuing to serve rural family-run businesses, the Group will accelerate the development of online channels, cross-border channels and government and corporate procurement channels through various means.

The Group will focus on AI empowerment for member retail stores, continuously upgrading AI+digital intelligence construction, and promoting the in-depth application of AI across all operational scenarios in member retail stores. On the one hand, the Group will deepen comprehensive full-stack AI cooperation with Alibaba Cloud, continuously integrating the Group's online-offline integrated operational service capabilities with Alibaba Cloud's "Cloud+AI" core capabilities to co-build a new "AI+industry" ecosystem in the lower-tier market, to enhance the Group's digital competitiveness in smart retail, member operations and smart supply chain sectors, and consolidate the market-leading position. On the other hand, the Group will accelerate the research and development and commercial promotion of AI Agent, promote AI innovation applications and digital intelligence system upgrades, improve and iterate AI-empowered products, accelerate the establishment of a full-scenario Intelligent Agent matrix, empower digital intelligence-driven new retail, and continuously support the operational efficiency enhancement of member retail stores. Meanwhile, the Group will prioritize to promote service revenue growth driven by AI+SaaS, combining AI development and application planning to enhance payment conversion, gradually upgrading from basic tool-based empowerment to an integrated service model of "SaaS software + AI Agent + content operations", and offering a composite pricing model of "standard products + pay-as-you-go + pay-for-performance" to continuously optimize the service revenue structure, increase the proportion of AI+SaaS service revenue, and achieve high-quality and sustainable growth in service revenue.

Furthermore, the Group will adhere to a dual-drive strategy of "industrial development + capital operations", leveraging mergers and acquisitions to fully capitalize on the benefits of technology and consumer policies. The Group will prioritize high-value mergers and acquisitions of quality enterprises in the "supply chain, channel network and AI" sectors, leveraging capital to "strengthen, supplement and extend the supply chain", further enhancing supply chain, channel, and AI capabilities to boost the Group's competitiveness.

The Group is confident of achieving a steady improvement in gross profit margin and net profit margin in 2025. In the second half of 2025, the Company will offset losses with capital reserves in compliance with relevant policy guidelines, thereby creating conditions for dividend distribution to the Shareholders. 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 and predictable long-term returns to the Shareholders and society.

FINANCIAL REVIEW

Revenue

The Group adjusted its strategy in the second half of 2024 to focus on enhancing quality and efficiency, adjusted its business structure and proactively divested and optimized some inefficient business to enhance strategic cooperation with leading manufacturers, and also promoted the construction of the integration of production and marketing. Based on the high base in the first half of 2024, the Group's revenue has declined year-on-year during the Reporting Period, which decreased by 25.9% from RMB32,855.8 million for the six months ended June 30, 2024 to RMB24,341.9 million for the six months ended June 30, 2025.

The following table sets out the revenue of the Group from direct sales in absolute amount for the periods indicated:

Direct Sales

| | For the six months ended June 30, | |
|---------------------------------------|--|-------------------|
| | 2025 | 2024 |
| | RMB'000 | RMB'000 |
| Consumer electronics | 14,625,746 | 19,527,699 |
| Household appliances | 4,322,649 | 4,314,442 |
| Agricultural means of production | 2,883,407 | 4,139,979 |
| Vehicles and auto parts | 1,087,988 | 2,885,142 |
| Homebuilding and renovation materials | 764,842 | 992,089 |
| Liquor and beverages | 147,665 | 390,431 |
| Others ⁽¹⁾ | 122,927 | 135,233 |
| | <hr/> | <hr/> |
| Total for direct sales | 23,955,224 | 32,385,015 |
| | <hr/> | <hr/> |

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

Revenue of the Group from direct sales was mainly from six major industries, namely consumer electronics, household appliances, agricultural means of production, vehicles and auto parts, homebuilding and renovation materials and liquor and beverages. Revenue from direct sales decreased by 26.0% from RMB32,385.0 million for the six months ended June 30, 2024 to RMB23,955.2 million for the six months ended June 30, 2025.

The change in revenue from direct sales was mainly due to: during the Reporting Period, (i) in the second half of 2024, the Group upgraded its strategy, proactively divesting inefficient businesses, continuing to implement profit-oriented strategy and optimizing its business structure, yet due to the high base in the first half of 2024, resulting in a decline in revenue year-on-year, but the gross profit of direct sales increased year-on-year; (ii) the price restrictions imposed by the national subsidy policy for the consumer electronics sector impacted the sales of leading brands and high-end models, and combined with the overall downward trend of the prices in the sector, leading to a decline in revenue for the consumer electronics sector. Based on market demand and the favorable national subsidy policy, the Group proactively increased its high-margin businesses such as mobile phone accessories and pan-intelligent equipment during the Reporting Period, resulting in an optimization of the revenue structure; (iii) the household appliances sector benefited from national subsidy policies, and combined with the Group's integration of production and sales and continuous expansion of its own brands, resulting in the revenue remaining basically flat; (iv) in the agricultural means of production sector, the market of the feed sector continued to decline and the Group proactively optimized inefficient feed businesses. At the same time, affected by the decline in fertilizer prices, sales remained stable but average price was under pressure, resulting in a decline in revenue; (v) in terms of vehicles and auto parts sector, new energy vehicles faced fierce competition and the profit margins of certain brands and industries continued to narrow. The Group adopted a more prudent business strategy and took the initiative to shrink certain businesses; (vi) homebuilding and renovation materials sector was affected by the downturn in the real estate cycle, resulting in shrinking demand. The Group proactively reduced its traditional business in this sector; and (vii) the market demand in liquor and beverages sector was weak. The Group focused on the construction of controllable brands and its own brands.

Service Business

| | For the six months ended June 30, | |
|-----------------------------------|--|----------------|
| | 2025 | 2024 |
| | RMB'000 | RMB'000 |
| Service Business: | | |
| SaaS+ subscription | 250,332 | 306,849 |
| Merchant solutions | 61,223 | 77,650 |
| Total for Service Business | 311,555 | 384,499 |

Revenue from the service business of the Group was mainly from two segments, namely SaaS+ subscription and merchant solutions. The revenue from SaaS+ subscription decreased by 18.4% compared with the same period last year, primarily due to the fact that the Group promoted the intelligent upgrade from SaaS+ to AI+SaaS. The short-term pressure on the SaaS+ subscription business stemmed from profit concessions during the AI system upgrade. The strategic transformation has begun to show its effect, with the Group's customer service capabilities continuing to improve, and member retail store loyalty steadily increasing. Compared to the second half of 2024, SaaS + subscription revenue grew by 22.7%.

Due to the Group's optimization of its business structure and focus on high-value platform customer service, coupled with a high revenue base in the first half of 2024, merchant solution revenue decreased by 21.2% year-on-year. However, compared to the second half of 2024, merchant solution revenue increased by 140.8%, and the improvement in customer tier has also led to a continuous improvement in the quality of merchant solution revenue.

Cost of Revenue, Gross Profit and Gross Profit Margin

The Group's cost of revenue decreased by 26.8% from RMB31,713.5 million for the six months ended June 30, 2024 to RMB23,212.1 million for the six months ended June 30, 2025. The decrease in cost of revenue was mainly due to the decrease in revenue. The gross profit decreased by 1.1% from RMB1,142.2 million for the six months ended June 30, 2024 to RMB1,129.9 million for the six months ended June 30, 2025. Although the revenue declined in the Reporting Period, the profitability continuously improved, and operational quality was comprehensively optimized, resulting in the gross profit remain basically flat.

The Group's gross profit margin increased by 1.1 percentage points from 3.5% for the six months ended June 30, 2024 to 4.6% for the six months ended June 30, 2025, representing a year-on-year increase of 31.4%. The increase in gross profit margin was mainly due to the Group's strategic upgrading, proactively divested inefficient business, continuous adjustment and optimization of the industrial structure, deepened cooperation with leading brands and establishment of its own brand matrix, which have all resulted in significant improvements in the gross profit margins of such industries as consumer electronics, household appliances, agricultural means of production, vehicles and auto parts and liquor and beverages.

Selling and Marketing Expenses

| | For the six months ended June 30, | | | |
|--------------------------------|-----------------------------------|----------------------------------|----------------|----------------------------------|
| | 2025 | | 2024 | |
| | <i>RMB'000</i> | As a percentage of revenue | <i>RMB'000</i> | As a percentage of revenue |
| Selling and Marketing Expenses | <u>462,396</u> | <u>1.9%</u> | <u>572,554</u> | <u>1.7%</u> |

Selling and marketing expenses primarily consist of advertising expenses, promotion service fees and employee salaries. Selling and marketing expenses decreased by 19.2% from RMB572.6 million for the six months ended June 30, 2024 to RMB462.4 million for the six months ended June 30, 2025, which was primarily due to the Group's continuous efforts in cost reduction and efficiency improvement, leading to a decrease in promotion service fees during the Reporting Period.

Administrative and Other Operating Expenses

| | For the six months ended June 30, | | | |
|---|-----------------------------------|----------------------------------|----------------|----------------------------------|
| | 2025 | | 2024 | |
| | <i>RMB'000</i> | As a percentage of revenue | <i>RMB'000</i> | As a percentage of revenue |
| Administrative and Other Operating Expenses | <u>146,174</u> | <u>0.6%</u> | <u>160,052</u> | <u>0.5%</u> |

Administrative and other operating expenses decreased by 8.7% from RMB160.1 million for the six months ended June 30, 2024 to RMB146.2 million for the six months ended June 30, 2025, mainly due to the effective implementation of the Group's cost reduction and efficiency improvement measures, which has led to further improvement in organizational efficiency.

Impairment Loss on Trade and Other Receivables

Impairment loss on trade and other receivables increased from RMB134.5 million for the six months ended June 30, 2024 to RMB199.5 million for the six months ended June 30, 2025, primarily due to the Group's increased provision for expected credit losses on certain receivables with longer aging.

Research and Development Costs

Research and development costs mainly include labor costs, depreciation and amortisation and others. Research and development costs decreased by 23.4% from RMB38.6 million for the six months ended June 30, 2024 to RMB29.6 million for the six months ended June 30, 2025. This was primarily due to the Group's attempt to adopt AI to accelerate research and development efficiency, slow down the upgrading pace of some mature product lines and focus on enhancing the competitiveness of core products through external cooperation. During the Reporting Period, the research and development investment was at a normal level.

Other Revenue

Other revenue decreased by 27.9% from RMB24.2 million for the six months ended June 30, 2024 to RMB17.5 million for the six months ended June 30, 2025, primarily due to the decrease in government grants.

Other Net Gains

Other net gains decreased by 0.1% from RMB46.5 million for the six months ended June 30, 2024 to RMB46.5 million for the six months ended June 30, 2025, which were basically flat.

Net Finance Costs

The amount of net finance costs increased from net costs of RMB34.7 million for the six months ended June 30, 2024 to net costs of RMB65.5 million for the six months ended June 30, 2025, primarily due to the decrease in bank deposit interest rates.

Income Tax

Income tax increased by 4.4% from RMB44.8 million for the six months ended June 30, 2024 to RMB46.7 million for the six months ended June 30, 2025, primarily due to a year-on-year increase in profit before tax.

The consolidated tax rate calculated based on the profit before tax for the six months ended June 30, 2025 was 16.4%.

Profit Attributable to Equity Shareholders of the Company

As a result of the above, profit attributable to equity shareholders of the Company increased by 10.8% from RMB125.1 million for the six months ended June 30, 2024 to RMB138.6 million for the six months ended June 30, 2025.

Net Profit

Net profit for the six months ended June 30, 2024 and the six months ended June 30, 2025 amounted to RMB229.3 million and RMB238.6 million, respectively, representing an increase of 4.1%. The increase in net profit was primarily due to the fact that (i) the Group conducted industrial upgrading and strategic transformation, and actively adjusted its revenue structure, resulting in an improvement in gross profit margin; and (ii) the Company actively implemented cost reduction and efficiency improvement measures, resulting in a significant decrease in expenses compared with the same period last year.

Cash and Cash Equivalents

As at June 30, 2025 and December 31, 2024, our cash and cash equivalents amounted to RMB3,961.4 million and RMB2,781.3 million, respectively. The Group has sufficient working capital for our operating requirements.

Inventories

As at June 30, 2025 and December 31, 2024, the inventories amounted to RMB2,051.2 million and RMB2,032.7 million, respectively, which were basically flat.

The inventory turnover days during the Reporting Period was 16 days.

Trade and Bills Payables

As at June 30, 2025 and December 31, 2024, the trade and bills payables were RMB16,732.3 million and RMB14,636.8 million, respectively, representing an increase of 14.3%, primarily due to the improvement in supply chain capabilities and seasonal procurement effects. The Group mainly adopted notes payable for procurement and stockpiling.

Prepayments, Deposits and Other Receivables

As at June 30, 2025 and December 31, 2024, the prepayments, deposits and other receivables amounted to RMB9,883.3 million and RMB9,056.3 million, respectively, representing an increase of 9.1%, primarily due to the impact of seasonal stockpiling in some sectors such as household appliances and consumer electronics products, leading the Group to ensure supply in advance.

Capital Expenditures

For the six months ended June 30, 2025 and the six months ended June 30, 2024, our capital expenditures were RMB18.4 million and RMB6.4 million, respectively. The increase in capital expenditures was primarily due to the increase in properties renovation and acquisition of equipment.

EMPLOYEES AND REMUNERATION POLICY

As at June 30, 2025, the Group had employed a total of 3,633 employees. The Group hires and promotes its employees based on their personal on-the-job performance and development potential. The remuneration package of all the employees depends on their performance and market salary levels.

SIGNIFICANT INVESTMENT HELD, MATERIAL ACQUISITIONS AND DISPOSALS OF SUBSIDIARIES, ASSOCIATES AND JOINT VENTURES

For the six months ended June 30, 2025, the Group did not hold any significant investments (none of each investment held by the Group constitute 5% or above of the total assets of the Group as at June 30, 2025) or have any material acquisitions or disposals of subsidiaries, associates and joint ventures.

**CONSOLIDATED STATEMENT OF PROFIT OR LOSS FOR THE SIX MONTHS ENDED
JUNE 30, 2025 (UNAUDITED)**

(Expressed in Renminbi)

| | | Six months ended June 30, | |
|--|-------------|----------------------------------|-----------------------|
| | <i>Note</i> | 2025 | 2024 |
| | | <i>RMB'000</i> | <i>RMB'000</i> |
| Revenue | 4 | 24,341,934 | 32,855,766 |
| Cost of revenue | | <u>(23,212,061)</u> | <u>(31,713,535)</u> |
| Gross profit | | 1,129,873 | 1,142,231 |
| Other revenue | 5(a) | 17,459 | 24,217 |
| Other net gain | 5(b) | 46,475 | 46,522 |
| Research and development costs | | (29,573) | (38,586) |
| Selling and marketing expenses | | (462,396) | (572,554) |
| Administrative and other operating expenses | | (146,174) | (160,052) |
| Impairment loss on trade and other receivables | 6(b) | <u>(199,542)</u> | <u>(134,468)</u> |
| Profit from operations | | <u>356,122</u> | <u>307,310</u> |
| Finance income | 6(a) | 55,077 | 99,051 |
| Finance costs | 6(a) | <u>(120,551)</u> | <u>(133,765)</u> |
| Net finance costs | | (65,474) | (34,714) |
| Share of (losses)/profits of associates | | (4,919) | 2,108 |
| Share of losses of a joint venture | | <u>(402)</u> | <u>(682)</u> |
| Profit before taxation | 6 | 285,327 | 274,022 |
| Income tax | 7 | <u>(46,727)</u> | <u>(44,753)</u> |
| Profit for the period | | <u>238,600</u> | <u>229,269</u> |
| Attributable to: | | | |
| Equity shareholders of the Company | | 138,606 | 125,087 |
| Non-controlling interests | | <u>99,994</u> | <u>104,182</u> |
| Profit for the period | | <u>238,600</u> | <u>229,269</u> |
| Earnings per share | 8 | | |
| Basic (RMB) | | <u>0.24</u> | <u>0.23</u> |
| Diluted (RMB) | | <u>0.24</u> | <u>0.23</u> |

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME FOR THE SIX MONTHS ENDED JUNE 30, 2025 (UNAUDITED)

(Expressed in Renminbi)

| | Six months ended June 30, | |
|---|----------------------------------|----------------|
| | 2025 | 2024 |
| | RMB'000 | RMB'000 |
| Profit for the period | 238,600 | 229,269 |
| Other comprehensive income for the period (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 | (19) | 29 |
| Other comprehensive income for the period | (19) | 29 |
| Total comprehensive income for the period | 238,581 | 229,298 |
| Attributable to: | | |
| Equity shareholders of the Company | 138,587 | 125,116 |
| Non-controlling interests | 99,994 | 104,182 |
| Total comprehensive income for the period | 238,581 | 229,298 |

**CONSOLIDATED STATEMENT OF FINANCIAL POSITION AT JUNE 30, 2025
(UNAUDITED)**

(Expressed in Renminbi)

| | <i>Note</i> | At June 30, 2025 RMB'000 | At December 31, 2024 RMB'000 |
|--|-------------|---|---|
| Non-current assets | | | |
| Property, plant and equipment | | 84,193 | 79,582 |
| Right-of-use assets | | 79,834 | 79,358 |
| Investment property | | 147,696 | 150,894 |
| Interests in associates | | 7,704 | 12,623 |
| Interests in a joint venture | | 13,618 | 14,020 |
| Financial assets at fair value through other comprehensive income | | – | 2,000 |
| Financial assets at fair value through profit or loss | 9 | 737,518 | 959,355 |
| Pledged deposits | 13(c) | 1,050,000 | 780,000 |
| Time deposits | 13(d) | 100,000 | 470,000 |
| Deferred tax assets | | 183,405 | 150,320 |
| | | 2,403,968 | 2,698,152 |
| Current assets | | | |
| Financial assets at fair value through profit or loss | 9 | 3,882,366 | 3,516,166 |
| Inventories | 10 | 2,051,198 | 2,032,725 |
| Trade and bills receivables | 11 | 2,912,309 | 2,999,214 |
| Prepayments, deposits and other receivables | 12 | 9,883,286 | 9,056,338 |
| Restricted deposits | 13(b) | 163,502 | 176,110 |
| Pledged deposits | 13(c) | 5,690,022 | 4,454,957 |
| Time deposits | 13(d) | 100,000 | 770,000 |
| Cash and cash equivalents | 13(a) | 3,961,416 | 2,781,257 |
| Taxation recoverable | | 2,291 | 6,221 |
| | | 28,646,390 | 25,792,988 |

CONSOLIDATED STATEMENT OF FINANCIAL POSITION AT JUNE 30, 2025
(UNAUDITED) (CONTINUED)
(Expressed in Renminbi)

| | <i>Note</i> | At June 30, 2025 RMB'000 | At December 31, 2024 RMB'000 |
|--|-------------|---|---|
| Current liabilities | | | |
| Bank loans and other borrowings | | 1,312,636 | 1,116,494 |
| Loans from non-controlling shareholders of subsidiaries | | 13,404 | 15,095 |
| Lease liabilities | | 48,430 | 32,148 |
| Financial liabilities at fair value through profit or loss | | 11 | 30 |
| Trade and bills payables | 14 | 16,732,320 | 14,636,785 |
| Other payables and accruals | | 492,817 | 515,936 |
| Contract liabilities | 15 | 2,337,350 | 2,256,326 |
| Taxation payable | | 66,969 | 58,194 |
| | | 21,003,937 | 18,631,008 |
| Net current assets | | | |
| | | 7,642,453 | 7,161,980 |
| Total assets less current liabilities | | | |
| | | 10,046,421 | 9,860,132 |
| Non-current liabilities | | | |
| Bank loans and other borrowings | | 151,000 | 181,200 |
| Lease liabilities | | 40,488 | 51,432 |
| Deferred income | | 19,375 | 17,000 |
| | | 210,863 | 249,632 |
| NET ASSETS | | | |
| | | 9,835,558 | 9,610,500 |
| CAPITAL AND RESERVES | | | |
| Share capital | | 562,570 | 562,570 |
| Treasury shares | 16 | (225,377) | (224,923) |
| Reserves | | 7,598,493 | 7,449,583 |
| Total equity attributable to equity shareholders of the Company | | | |
| | | 7,935,686 | 7,787,230 |
| Non-controlling interests | | | |
| | | 1,899,872 | 1,823,270 |
| TOTAL EQUITY | | | |
| | | 9,835,558 | 9,610,500 |

**CONDENSED CONSOLIDATED CASH FLOW STATEMENT FOR THE SIX MONTHS
ENDED JUNE 30, 2025 (UNAUDITED)**

(Expressed in Renminbi)

| | <i>Note</i> | Six months ended June 30, 2025 RMB'000 | 2024 RMB'000 |
|---|-------------|---|-------------------------------|
| Net cash generated from operating activities | | 412,551 | 248,976 |
| Net cash generated from/(used in) investing activities | | 731,789 | (1,006,909) |
| Net cash generated from financing activities | | 35,874 | 482,645 |
| Net increase/(decrease) in cash and cash equivalents | | 1,180,214 | (275,288) |
| Cash and cash equivalents at the beginning of the period | 13(a) | 2,781,257 | 3,748,938 |
| Effect of foreign exchange rate changes | | (55) | (141) |
| Cash and cash equivalents at the end of the period | 13(a) | 3,961,416 | 3,473,509 |

NOTES

(Expressed in Renminbi unless otherwise indicated)

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

This unaudited interim financial information was extracted from the interim financial report of the Group for the six months ended June 30, 2025.

The interim financial report has been prepared in accordance with the applicable disclosure provisions of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited, including compliance with International Accounting Standard (“**IAS**”) 34, *Interim financial reporting*, issued by the International Accounting Standards Board (“**IASB**”). It was authorized for issue on August 28, 2025.

The interim financial report has been prepared in accordance with the same accounting policies adopted in the 2024 annual financial statements, except for the accounting policy changes that are expected to be reflected in the 2025 annual financial statement. Details of any changes in accounting policies are set out in Note 3.

The preparation of an interim financial report in conformity with IAS 34 requires management to make judgments, estimates and assumptions that affect the application of policies and reported amounts of assets and liabilities, income and expenses on a year to date basis. Actual results may differ from these estimates.

This interim financial report contains condensed consolidated financial statements and selected explanatory notes. The notes include an explanation of events and transactions that are significant to an understanding of the changes in financial position and performance of the Group since the 2024 annual financial statements. The condensed consolidated interim financial statements and notes thereon do not include all of the information required for a full set of financial statements prepared in accordance with IFRS Accounting Standards.

The financial information relating to the financial year ended December 31, 2024 that is included in the interim financial report as comparative information does not constitute the Company’s annual consolidated financial statements for that financial year but is derived from those financial statements.

The Company’s auditor has reported on those financial statements. The auditor’s report was unqualified and did not include a reference to any matters to which the auditor drew attention by way of emphasis without qualifying its report.

3 CHANGES IN ACCOUNTING POLICIES

The Group has applied the amendments to IAS 21, *The effects of changes in foreign exchange rates – Lack of exchangeability* issued by the IASB to this interim financial report for the current accounting period. The amendments do not have a material impact on this interim report as the Group has not entered into any foreign currency transactions in which the foreign currency is not exchangeable into another currency.

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 subscription service, offering merchant solutions and rendering other various related services.

(i) Disaggregation of revenue

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

| | Six months ended June 30, | |
|--|---------------------------|-------------------|
| | 2025 | 2024 |
| | RMB'000 | RMB'000 |
| Revenue from contracts with customers within the scope of IFRS 15 | | |
| Revenue from merchandise sales | 23,955,224 | 32,385,015 |
| Revenue from SaaS+ subscription | 250,332 | 306,849 |
| Revenue from merchant solutions | 61,223 | 77,650 |
| Revenue from other services | 75,155 | 86,252 |
| | <u>24,341,934</u> | <u>32,855,766</u> |

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

| | Six months ended June 30, | |
|-----------------|---------------------------|-------------------|
| | 2025 | 2024 |
| | RMB'000 | RMB'000 |
| A point in time | 24,091,602 | 32,548,917 |
| Over time | 250,332 | 306,849 |
| | <u>24,341,934</u> | <u>32,855,766</u> |

(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 represents the direct sales of merchandise.

Service business

The service business segment, which mainly represents the provision of intelligent business and marketing 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 purposes of assessment of segment performance for the period is set out below.

| | Six months ended June 30, 2025 | | | |
|--------------------------------|---------------------------------|--------------------------------|-------------------|-------------------|
| | Commerce business RMB'000 | Service business RMB'000 | Others RMB'000 | Total RMB'000 |
| Reportable segment revenue | <u>23,955,224</u> | <u>311,555</u> | <u>75,155</u> | <u>24,341,934</u> |
| Reportable segment profit | <u>809,938</u> | <u>258,770</u> | <u>61,165</u> | <u>1,129,873</u> |
| Six months ended June 30, 2024 | | | | |
| | Commerce business RMB'000 | Service business RMB'000 | Others RMB'000 | Total RMB'000 |
| Reportable segment revenue | <u>32,385,207</u> | <u>384,499</u> | <u>86,060</u> | <u>32,855,766</u> |
| Reportable segment profit | <u>757,003</u> | <u>318,828</u> | <u>66,400</u> | <u>1,142,231</u> |

The reconciliation of gross profit to profit before tax for the six months ended June 30, 2025 and 2024 is shown in the consolidated statement of profit or loss.

5 OTHER REVENUE AND OTHER NET GAIN

(a) Other revenue

| | Six months ended June 30, | |
|-------------------|---------------------------|-----------------|
| | 2025 RMB'000 | 2024 RMB'000 |
| Government grants | 16,970 | 23,564 |
| Others | <u>489</u> | <u>653</u> |
| | <u>17,459</u> | <u>24,217</u> |

(b) Other net gain

| | Six months ended June 30, | |
|--|---------------------------|-----------------|
| | 2025 RMB'000 | 2024 RMB'000 |
| Net realized and unrealized gain on financial assets at fair value through profit or loss | 46,251 | 39,429 |
| Net (loss)/gain on disposal of interests in subsidiaries | (547) | 2,477 |
| Impairment loss on investment property | (2,000) | (3,414) |
| Net loss on disposal of property, plant and equipment and investment property | (144) | (462) |
| Net exchange loss | (55) | (141) |
| Net realized and unrealized loss on financial liabilities at fair value through profit or loss | (36) | (51) |
| Others | <u>3,006</u> | <u>8,684</u> |
| | <u>46,475</u> | <u>46,522</u> |

6 PROFIT BEFORE TAXATION

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

(a) Net finance costs

| | Six months ended June 30, | |
|--|---------------------------|----------|
| | 2025 | 2024 |
| | RMB'000 | RMB'000 |
| Interest income from bank deposits | (55,077) | (99,051) |
| Finance income | (55,077) | (99,051) |
| Interest expenses on discounted bills and bank loans | 118,697 | 131,707 |
| Interest expenses on loans from non-controlling shareholders of subsidiaries | 307 | 532 |
| Interest expenses on lease liabilities | 1,547 | 1,526 |
| Finance costs | 120,551 | 133,765 |
| Net finance costs | 65,474 | 34,714 |

(b) Other items

| | Six months ended June 30, | |
|--|---------------------------|------------|
| | 2025 | 2024 |
| | RMB'000 | RMB'000 |
| Cost of inventories recognized as expenses (Note i) | 23,108,531 | 31,589,704 |
| Depreciation charge | | |
| – owned property, plant and equipment | 9,371 | 9,730 |
| – right-of-use assets | 17,046 | 23,155 |
| – investment property | 2,581 | 1,118 |
| Research and development costs (Note ii) | 29,573 | 38,586 |
| Provision for credit loss on trade and other receivables | 199,542 | 134,468 |
| Provision for write-down of inventories | 14,956 | 14,383 |

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

| | Six months ended June 30, | |
|---|---------------------------|---------------|
| | 2025 | 2024 |
| | RMB'000 | RMB'000 |
| Current tax | | |
| Provision for the period | 80,412 | 86,799 |
| Deferred tax | | |
| Origination and reversal of temporary differences | (33,685) | (42,046) |
| | <u>46,727</u> | <u>44,753</u> |

The provision for PRC income tax is based on the respective corporate income tax rates applicable to the subsidiaries located in the PRC as determined in accordance with the relevant income tax rules and regulations of the PRC. The provision for Hong Kong Profits Tax is calculated by applying the estimated annual effective tax rate of 16.5% (six months ended 30 June 2024: 16.5%) to the six months ended 30 June 2025.

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 RMB138,606,000 (six months ended 30 June 2024: RMB125,087,000). The weighted average number of ordinary shares for the purpose of basic earnings per share is calculated as follows:

| | Six months ended June 30, | |
|---|---------------------------|--------------------|
| | 2025 | 2024 |
| Issued ordinary shares at the beginning of the period | 562,569,837 | 562,569,837 |
| Treasury shares at the beginning of the period | (8,322,910) | (3,450,400) |
| Effect of purchase of own shares (Note 16(c)) | <u>(29,825)</u> | <u>(4,504,354)</u> |
| Weighted average number of ordinary shares at the end of the period for the purpose of basic earnings per share | <u>554,217,102</u> | <u>554,615,083</u> |

(b) Diluted earnings per share

The calculation of diluted earnings per share is based on the profit attributable to ordinary equity shareholders of the Company of RMB138,606,000 (six months ended 30 June 2024: RMB125,087,000). The weighted average number of ordinary shares for the purpose of diluted earnings per share is calculated as follows:

| | Six months ended June 30, | |
|---|---------------------------|--------------------|
| | 2025 | 2024 |
| Weighted average number of ordinary shares at the end of the period for the purpose of basic earnings per share | 554,217,102 | 554,615,083 |
| Effect of outstanding shares under the RSU Scheme (Note 16(b)) | <u>–</u> | <u>261,330</u> |
| Weighted average number of ordinary shares at the end of the period for the purpose of diluted earnings per share | <u>554,217,102</u> | <u>554,876,413</u> |

9 FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS

| | At June 30, 2025 <i>RMB'000</i> | At December 31, 2024 <i>RMB'000</i> |
|---|---------------------------------------|---|
| Financial assets at fair value through profit or loss (FVPL) - non-current portion | | |
| – Unlisted investments | 386,648 | 386,308 |
| – Structured deposits and wealth management products | 350,870 | 573,047 |
| Financial assets at FVPL – current portion | | |
| – Structured deposits and wealth management products | 3,882,366 | 3,516,166 |
| | 4,619,884 | 4,475,521 |

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

| | At June 30, 2025 <i>RMB'000</i> | At December 31, 2024 <i>RMB'000</i> |
|---------------------------|---------------------------------------|---|
| Merchandise | 2,049,373 | 2,000,080 |
| Goods in transit | 104,488 | 126,446 |
| | 2,153,861 | 2,126,526 |
| Write down of inventories | (102,663) | (93,801) |
| | 2,051,198 | 2,032,725 |

During the six months ended June 30, 2025, the Group recognized a write-down of RMB14,956,000 (six months ended June 30, 2024: RMB14,383,000) against those inventories with net realizable value lower than carrying value. The write-down is included in cost of revenue in the consolidated statement of profit or loss.

As at June 30, 2025, inventories of RMB39,044,000 (2024: RMB141,804,000) were pledged as security for issuance of bills payable and bank loans and other borrowings.

11 TRADE AND BILLS RECEIVABLES

| | At June 30, 2025 <i>RMB'000</i> | At December 31, 2024 <i>RMB'000</i> |
|----------------------|---------------------------------------|---|
| Trade receivables | 1,961,112 | 1,875,132 |
| Bills receivable | 1,065,874 | 1,192,392 |
| | <u>3,026,986</u> | <u>3,067,524</u> |
| Less: loss allowance | (114,677) | (68,310) |
| | <u><u>2,912,309</u></u> | <u><u>2,999,214</u></u> |

All of the trade and bills receivables are expected to be recovered within one year.

As of the end of the Reporting Period, the ageing analysis of trade and bills receivables, based on the invoice date and net of loss allowance, is as follows:

| | At June 30, 2025 <i>RMB'000</i> | At December 31, 2024 <i>RMB'000</i> |
|------------------------------------|---------------------------------------|---|
| Within 3 months | 2,421,601 | 2,536,298 |
| Over 3 months but within 12 months | 370,499 | 191,498 |
| Over 12 months | 120,209 | 271,418 |
| | <u><u>2,912,309</u></u> | <u><u>2,999,214</u></u> |

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

12 PREPAYMENTS, DEPOSITS AND OTHER RECEIVABLES

| | At June 30, 2025 <i>RMB'000</i> | At December 31, 2024 <i>RMB'000</i> |
|--------------------------------------|---------------------------------------|---|
| Prepayments | 8,805,464 | 8,146,179 |
| Value added tax recoverable | 179,811 | 147,077 |
| Refund receivables from suppliers | 750,606 | 586,345 |
| Amounts due from former subsidiaries | 451,288 | 442,848 |
| Interest receivables | 59,306 | 63,482 |
| Other deposits and receivables | 422,691 | 309,511 |
| | <u>10,669,166</u> | <u>9,695,442</u> |
| Less: loss allowance | (785,880) | (639,104) |
| | <u><u>9,883,286</u></u> | <u><u>9,056,338</u></u> |

13 CASH AND CASH EQUIVALENTS, RESTRICTED DEPOSITS, PLEDGED DEPOSITS AND TIME DEPOSITS

(a) Cash and cash equivalents comprise:

| | At June 30, 2025 RMB'000 | At December 31, 2024 RMB'000 |
|--------------|---|------------------------------------|
| Cash at bank | 3,961,416 | 2,781,257 |

(b) Restricted deposits comprise:

| | At June 30, 2025 RMB'000 | At December 31, 2024 RMB'000 |
|---|---|------------------------------------|
| Restricted deposits related to litigation | 160,979 | 173,523 |
| Other restricted deposits | 2,523 | 2,587 |
| | 163,502 | 176,110 |

(c) Pledged deposits comprise:

| | At June 30, 2025 RMB'000 | At December 31, 2024 RMB'000 |
|--|---|------------------------------------|
| Current portion | 5,690,022 | 4,454,957 |
| Non-current portion | 1,050,000 | 780,000 |
| Pledged deposits for issuance of bills payable, letters of guarantee and bank facilities | 6,740,022 | 5,234,957 |

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

(d) Time deposits comprise:

| | At June 30, 2025 RMB'000 | At December 31, 2024 RMB'000 |
|---------------------|---|------------------------------------|
| Current portion | 100,000 | 770,000 |
| Non-current portion | 100,000 | 470,000 |
| | 200,000 | 1,240,000 |

14 TRADE AND BILLS PAYABLES

| | At June 30, 2025 <i>RMB'000</i> | At December 31, 2024 <i>RMB'000</i> |
|----------------|---------------------------------------|---|
| Trade payables | 1,060,405 | 1,070,684 |
| Bills payable | 15,671,915 | 13,566,101 |
| | <u>16,732,320</u> | <u>14,636,785</u> |

As of the end of the Reporting Period, the ageing analysis of trade and bills payables, based on the invoice date, is as follows:

| | At June 30, 2025 <i>RMB'000</i> | At December 31, 2024 <i>RMB'000</i> |
|-----------------|---------------------------------------|---|
| Within 3 months | 8,065,723 | 7,628,373 |
| 3 to 12 months | 8,494,880 | 6,889,883 |
| Over 12 months | 171,717 | 118,529 |
| | <u>16,732,320</u> | <u>14,636,785</u> |

All of the trade and bills payables are expected to be settled within one year or repayable on demand.

15 CONTRACT LIABILITIES

| | At June 30, 2025 <i>RMB'000</i> | At December 31, 2024 <i>RMB'000</i> |
|--|---------------------------------------|---|
| Balance at the beginning of the year/period | 2,256,326 | 2,426,677 |
| Decrease in contract liabilities as a result of recognizing revenue during the year/period that was included in the contract liabilities at the beginning of the year/period | (1,816,311) | (2,149,522) |
| Increase in contract liabilities as a result of receiving advance payments during the year/period | 1,899,826 | 2,091,724 |
| Decrease in contract liabilities as a result of disposal of interests in subsidiaries | (2,491) | (112,553) |
| Balance at the end of the year/period | <u>2,337,350</u> | <u>2,256,326</u> |

16 CAPITAL, RESERVES AND DIVIDENDS

(a) Dividends

The directors of the Company did not propose the payment of any dividend during the period.

(b) Equity settled share-based transactions

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 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 shares, were granted to and accepted by the Participants under the RSU Scheme in aggregate.

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 |

A summary of RSUs outstanding at June 30, 2025 and December 31, 2024:

| | At June 30, 2025 | |
|--|---|-----------------------|
| | Weighted average grant-date fair value RMB | Number of RSUs |
| Balance at the beginning of the period | 26.21 | 5,601,400 |
| Grant during the period | — | — |
| Vesting during the period | — | — |
| Forfeited during the period | 26.37 | (889,400) |
| | | <hr/> |
| Balance at the end of the period | 26.18 | 4,712,000 |
| | | <hr/> <hr/> |

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 six months ended June 30, 2025, the total expenses recognized in the consolidated statement of profit or loss for the RSU Scheme are RMB5,672,000 (six months ended June 30, 2024: RMB14,995,000).

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. 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.

During the six months ended June 30, 2025, the total expenses recognized in the consolidated statement of profit or loss for the ESPP are RMB539,000 (six months ended June 30, 2024: RMB915,000).

The 2024 H Share Option Scheme (the “Share Option Scheme”)

On November 12, 2024, the shareholders of the Company approved the adoption of the Share Option Scheme and would grant up to 10% and 5% of the total number of issued H Shares to the employees of the Group and the third party service providers (the “**Selected Grantees**”), respectively.

On May 21, 2025, pursuant to the approval of the Company’s remuneration and appraisal committee, 18,000,000 share options, were granted for nil consideration to and accepted by the Selected Grantees. Each option gives the holder the right to subscribe for one H Share of the Company. These share options will vest on June 1, 2026, June 1, 2027 and June 1, 2028 in tranches, and then be exercisable until December 31, 2026, December 31, 2027, December 31, 2028, respectively. The exercise price is HK\$19.30, being the closing price of the Company’s H Shares on date of grant.

No options were exercised during the six months ended 30 June 2025.

During the six months ended June 30, 2025, the total expenses recognized in the consolidated statement of profit or loss for the Share Option Scheme are RMB3,895,000.

(c) Treasury shares

During the interim period, the Company repurchased its own shares through two trusts, on The Stock Exchange of Hong Kong Limited pursuant to the RSU Scheme as follows:

| Trading month | Number of shares repurchased | Highest price paid per share HK\$ | Lowest price paid per share HK\$ | Aggregate price HK\$ |
|-------------------|------------------------------------|--|---|----------------------------|
| January 2025 | 32,400 | 15.88 | 14.66 | 480,915 |
| Equivalent to RMB | | | | 454,000 |

The total amount paid on the repurchased shares of HK\$480,915 (equivalent to RMB454,000) was recognized as treasury shares.

OTHER INFORMATION

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

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

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

2. Interim 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 an interim dividend for the six months ended June 30, 2025.

3. 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 CG Code as the basis of the corporate governance practice of the Company.

The Company has complied with the code provisions of the CG Code during the Reporting Period.

4. Model Code for Securities Transactions

The Company adopts 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.

5. Audit Committee

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

The unaudited interim results of the Company for the six months ended June 30, 2025 have been reviewed by the Audit Committee. The Audit Committee has also reviewed the accounting principles and practices adopted by the Group.

6. Independent Review of Auditor

The interim financial report for the six months ended June 30, 2025 is unaudited, but has been reviewed by KPMG, in accordance with Hong Kong Standard on Review Engagements No. 2410 “Review of interim financial information performed by the independent auditor of the entity” issued by the Hong Kong Institute of Certified Public Accountants, whose unmodified review report is included in the interim report to be published in due course.

7. Significant Events After the Reporting Period

After June 30, 2025 and up to the date of this announcement, there were no significant subsequent events affecting the Group.

8. Publication of Interim Results and 2025 Interim Report

This interim results announcement is published on the websites of the Hong Kong Stock Exchange (www.hkexnews.hk) and the Company (www.htd.cn). The interim report of the Company for the six months ended June 30, 2025 containing all information required by the Listing Rules will be published on the above websites and dispatched to the H Shareholders by the mean 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:

| | |
|----------------------------|---|
| “Audit Committee” | the audit committee of the Board |
| “Board” | the board of directors of the Company |
| “CG Code” | Corporate Governance Code set out in Appendix C1 to the Listing Rules |
| “China” or “PRC” | the People’s Republic of China |
| “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) |
| “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 nominal value of RMB1.00 each, which are subscribed for and traded in HK\$ and listed on the Hong Kong Stock Exchange |
| “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 |
| “Hong Kong Stock Exchange” | The Stock Exchange of Hong Kong Limited |
| “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” | the six months ended June 30, 2025 |
| “RMB” | Renminbi, the lawful currency of the PRC |
| “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 |
| “subsidiary(ies)” | has the meaning ascribed to it under the Listing Rules |
| “Supervisor(s)” | the supervisor(s) of the Company |
| “%” | per cent |

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

Nanjing, the PRC
August 28, 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.