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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)

**ANNUAL RESULTS ANNOUNCEMENT
FOR THE YEAR ENDED DECEMBER 31, 2021**

The board (the “**Board**”) of directors (the “**Directors**”) of Huitongda Network Co., Ltd. (the “**Company**”) is pleased to announce the audited consolidated results of the Company and its subsidiaries (together, the “**Group**”) for year ended December 31, 2021. These results have been prepared in accordance with the applicable requirements of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the “**Listing Rules**”) and the International Financial Reporting Standards and has been reviewed by the Audit Committee of the Company. This announcement complies with the relevant requirements of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited in relation to information to accompany preliminary announcements of annual results.

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

SUMMARY

Financial Overview

	Year ended December 31,				Year-on-year change
	2021 <i>RMB'000</i>	As a percentage of revenue	2020 <i>RMB'000</i>	As a percentage of revenue	
Revenue	65,763,174		49,629,135		32.5%
Including: revenue from service business	437,814	0.7%	242,722	0.4%	80.4%
Gross profit	1,867,966	2.8%	1,344,511	2.7%	38.9%
Profit from operations	638,689	1.0%	406,759	0.8%	57.0%
Loss for the year	(177,049)	(0.3%)	(279,992)	(0.6%)	
Loss attributable to equity shareholders of the Company	(349,881)	(0.5%)	(405,287)	(0.8%)	
Non-IFRS measures:					
Adjusted net profit (unaudited)	500,441	0.8%	322,148	0.6%	55.3%
Adjusted net profit attributable to equity shareholders of the Company (unaudited)	327,609	0.5%	196,853	0.4%	66.4%
Net cash generated from operating activities	815,009		472,263		

Operating Metrics

Unless otherwise stated, the following table sets forth certain major operating data applied by the Group during the periods indicated:

	Year ended December 31,		Year-on-year change
	2021	2020	
Total number of registered member stores	169,466	140,481	20.6%
Number of active member stores	62,203	32,715	90.1%
Number of active wholesaler customers	16,756	18,807	(10.9%)
Total number of SaaS+ subscription users	102,047	62,054	64.4%
Including: paid SaaS+ users	17,905	2,571	596.4%

MANAGEMENT DISCUSSION AND ANALYSIS

Business Review

The year of 2021 was a year full of challenges and changes. Faced with the recurrence of the pandemic nationwide, the intensified competition in the industry, the subdued market consumption, etc., the Company adhered to the original intention of “creating a better life for farmers” and has been committed to empowering and serving business customers in the retail industry of the lower-tier market. Through the continuous improvement of supply chain capabilities, the continuous development and in-depth operation of downstream customers and the effective enhancement of our management level, the Company has achieved better operating results in all aspects.

In 2021, the Company recorded total revenue of RMB65.76 billion, representing a year-on-year growth of 32.5%; our adjusted net profit (non-IFRS measure) attributable to equity shareholders of the Company amounted to RMB327.6 million, representing a year-on-year growth of 66.4%. Our operating efficiency continued to improve, with inventory turnover days of 14 days, representing a year-on-year decrease of 6 days.

In 2021, we continued to deepen and explore the strategy designed for our member stores through developing our new stores and providing our extensive services. While expanding our incremental member stores, we also intensified the launch and engagement service of our existing member stores. As of the end of the Reporting Period, our total accumulated registered member stores were 169,466, representing a year-on-year increase of 20.6%; the number of our active member stores was 62,203, representing a year-on-year increase of 90.1%; the total number of our SaaS+ subscription users was 102,047, representing a year-on-year increase of 64.4%.

In addition, in order to effectively expand and operate our member stores and to rapidly promote our supply chain bargaining power, we also optimized our cooperation with channel partners. As of the end of the Reporting Period, our total active channel partners were 16,756.

In respect of our commerce business:

As one of our core business layouts, the overall sales revenue from our commerce business achieved RMB65.22 billion during the Reporting Period, representing a year-on-year increase of 32.3%.

In 2021, the Company continued to improve the capabilities in empowering supply chain and creating synergies so as to provide our member stores with more stable and high-efficient solutions for trading of merchandise. On the one hand, we continued to increase our efforts to connect and cooperate with upstream premium brand manufacturers and continuously provided our member stores with supply chain merchandise with competitive advantages by focusing on merchandise categories that are closely with farmers’ production and lives, such as consumer electronics digitals including Apple and Dell; household appliance including ACA and Corning; and liquor brands including Wuliangye and Guizhou Chun, etc. As of the end of the Reporting Period, we have accumulatively connected nearly one thousand premium upstream brand manufacturers. On the other hand, we continued to focus on our strategy for the services of our member stores and our customers, and all of our staff together drove the operation of our member stores. We organized a total of over 20 major promotion activities covering over 20,000 member stores throughout the year and over 40,000 trainings for our member stores, which effectively enhanced the engagement and stickiness of our member stores.

In order to improve the delivery efficiency of our supply chain, the Company continued to strengthen the construction of our supply chain infrastructure through proactively developing our industry-wide customized system, launching the proprietary industry channels, and effectively empowering the pipeline businesses of various industries and assisting customers in their business expansion, such as the customization of the OTC business whole-process system for Apple, the online operation of various industry channels such as Liquor Hotch-potch (酒拼匯). Meanwhile, we also provided diverse and flexible logistic solutions such as direct delivery from manufacturers, three-stage logistics and self-delivery, which are applied in the differential and diversified trading scenarios of the lower-tier market.

In addition, in order to meet the diversified needs of our member stores for merchandise, we also further strengthened the consolidation of our online marketplace platform with a full-year revenue of relevant businesses of RMB2.8 million during the Reporting Period.

In respect of our service business:

During the Reporting Period, revenue from service business which is another core business segment of the Company, reached RMB438 million as a whole, representing a year-on-year increase of 80.4%.

In 2021, the Company further deepened the implementation of the SaaS+ business strategy. As for the products, we have further clarified the three core functions of SaaS+ products, namely “Help to Sale”, “Help to Buy” and “Help to Manage”, and provided member stores with marketing services that better satisfied the requirements through increasing investment in research and development of SaaS+ products. At the same time, we have also strengthened the data analysis function of the platform, and launched functions such as smart recommendation and collecting orders and reverse purchase, which facilitated convenient purchase by member stores. As for the marketing, in addition to piloting the multi-channel sales model, we have also increased marketing efforts in SaaS+ products promotion; in response to differentiated customer needs, we have also stratified products and customers to rapidly expand incremental subscribers, and effectively improves the retention rate of existing users.

During the Reporting Period, the number of SaaS+ users of the Company’s paid stores reached 17,905, representing a year-on-year increase of 596.4%; revenue from subscription service was RMB278 million, representing a year-on-year increase of 133.8%.

In addition, in order to meet the diverse digital transformation needs from downstream customers, we have adjusted the product and delivery strategy of merchant solutions, upgraded the product system centered on s2b2c and precision marketing, and accumulated technical capabilities rapidly and improved product delivery capabilities through resource integration, so as to penetrate into the market more quickly. During the Reporting Period, the merchant solutions business achieved service revenue of RMB159 million, representing a year-on-year increase of 28.9%.

In respect of the construction of our digitalized infrastructures:

In 2021, the Company continued to consolidate the digitalized infrastructures and increase investment in research and development of technology. The “Cloud Field Project”, which is being promoted as a key project, has now completed the system construction and delivery for use. Focusing on the online closed loop of procurement and transaction processes, its 12 functions online have been fully realized, which guarantees the closed loop of online transactions in all scenarios and the full life cycle management of customers. In terms of improving internal management efficiency, through building an online and digital operation management and control system, as well as a comprehensive risk assessment system for controllable assets, we strengthened risk management and control and promoted high-quality business development.

In respect of our organization and team building:

In 2021, the Company has always been adhering to the concept of “people-oriented” for development, and made innovations and fissions in the organization. The five business divisions of the headquarters had been incubated into numerous small operating units, driving the self-growth and self-breakthrough of the business entities, and greatly enhancing the team’s business awareness and operating capacity. We also continued to create an internal competition mechanism and atmosphere for different business entities. As for talent and cadre training, we have held various special training camps for professional talents to promote mutual sharing, learning and communication; meanwhile, we have formulated various theme training courses for management personnel, indicating that middle-level cadres had grown rapidly and created its organized force for the next decade.

In respect of our corporate influence:

In 2021, our corporate influence continued to rise. The Company was invited to participate in the special meetings organized by a number of central and provincial ministries and commissions. The Company also hosted and co-organized a number of industrial internet summits, which further enhanced its influence in the industry. In 2021, we have also won 12 national-level honors and 6 provincial-level honors, including China’s Top 500 Enterprises, China’s Top 500 Private Enterprises, China’s Top 10 Industrial Internet Companies, China’s TOP 100 Internet Companies in Comprehensive Strength, China’s Unicorn Enterprises, etc.

FINANCIAL REVIEW

Revenue

Benefiting from the fast expansion of our sales network, the increasingly enhanced strategic cooperation with the upstream brand owners and the improved service penetration rate of our member stores, our revenue increased by 32.5% from RMB49,629.1 million in 2020 to RMB65,763.2 million in 2021. The following table sets out our revenue of commerce business and service business in absolute amount for 2021 and 2020 and the year-on-year change:

1. Commerce Business

	Year ended December 31,		
	2021	2020	Year-on-year
	RMB	RMB	change
	<i>(RMB'000, except for percentage)</i>		
Commerce business:			
Direct sales	65,222,853	49,299,968	32.3%
Consumer electronics	27,047,792	17,371,629	55.7%
Agricultural means of production	13,741,365	10,937,047	25.6%
Household appliances	12,212,346	12,173,644	0.3%
Vehicles and auto parts merchandise	7,266,108	5,414,057	34.2%
Homebuilding and renovation materials	3,308,393	2,501,784	32.2%
Liquor and beverages	1,348,200	756,126	78.3%
Others ⁽¹⁾	298,649	145,681	105.0%
Online marketplace	2,760	2,032	35.8%
Total for commerce business	65,225,613	49,302,000	32.3%

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

Our revenue from the direct sales of the Group grew by 32.3% from RMB49,300.0 million in 2020 to RMB65,222.9 million in 2021, which mainly covered six major industries, namely consumer electronics, agricultural means of production, household appliances, vehicles and auto parts merchandise, homebuilding and renovation materials, and liquor and beverages. Revenue from the direct sales experienced rapid growth. In particular, our revenue from consumer electronics, vehicles and auto parts merchandise, homebuilding and renovation materials, and liquor and beverages witnessed a rapid growth.

The Group has rapidly expanded our business in communications products and entered strategic cooperation with top brands in the industry, resulting in a 55.7% increase in revenue from sales of consumer electronics compared to the same period of 2020; the Group has increased efforts in sales of auto parts and vehicles, resulting in a 34.2% increase in revenue from vehicles and auto parts merchandise compared to the same period of 2020; thanks to the rapid growth of the sales volume of glass and cables, our revenue from sales of homebuilding and renovation materials grew by 32.2%; as the domestic maotai-flavour liquor industry was on the rise, the Group focused on expanding the channel for maotai-flavour liquor and enriched the product offerings, and in turn, the revenue of the Group from sales of liquor and beverages grew by 78.3%.

To meet the diversified merchandise demand of member stores, we further strengthened our resources investment in online marketplace in 2021, and achieved a year-on-year increase of 35.8% in business revenue.

2. Service Business

	Year ended December 31,		
	2021	2020	Year-on-year
	RMB	RMB	change
	<i>(RMB'000, except for percentage)</i>		
Service Business:			
SaaS+ subscription	278,405	119,087	133.8%
Merchant solutions	159,409	123,635	28.9%
Total for Service Business	437,814	242,722	80.4%

The revenue from the service business of the Group mainly included revenue from two segments, namely the SaaS+ subscription and merchant solutions, both with significant growth. The rapid growth of revenue from the service business was mainly attributable to (i) the increased efforts of the Group in research and development and marketing; and (ii) the layered and graded management of our products and customer demand, the enhanced training for customer managers and the improved service effectiveness of our member stores.

Cost of Revenue, Gross Profit and Gross Margin

The cost of revenue of the Group increased by 32.3% from RMB48,284.6 million in 2020 to RMB63,895.2 million in 2021, and our gross profit increased by 38.9% from RMB1,344.5 million in 2020 to RMB1,868.0 million in 2021. The growth of the cost of revenue and gross profit of the Group was mainly due to the growth of our revenue.

The gross margin of the Group increased from 2.7% in 2020 to 2.8% in 2021, mainly due to the increase in revenue contribution from the service business. While maintaining the stable gross margin, the Group achieved an overall similar gross margin in the direct sales under the commerce business to that in 2020, by implementing the strategy of fast expanding new brands and new regions and benefiting the market and customers.

Selling and Marketing Expenses

	Year ended December 31,		Year ended December 31,		Year-on-year change
	2021	2020	2021	2020	
	Amount	As a percentage of revenue (RMB'000, except for percentage)	Amount	As a percentage of revenue	
Selling and marketing expenses	<u>864,241</u>	<u>1.3%</u>	<u>609,585</u>	<u>1.2%</u>	<u>41.8%</u>

Our selling and marketing expenses primarily consist of employee salaries, business advertising expenses, promotion service fee and storage fees. Our selling and marketing expenses increased by 41.8% from RMB609.6 million in 2020 to RMB864.2 million in 2021, primarily due to (i) an increase in employee salaries compared to that in 2020, which was due to social insurance relief from the relevant government authorities in 2020 and the increase in the average salary per employee; (ii) an increase in business advertising expenses as a result of our business expansion; and (iii) an increase in promotion service fee, resulting from our enhanced promotions efforts through third-party online platforms that we cooperate with.

As the Group increased investment in marketing activities to increase our customers' engagement and stickiness during the Reporting Period, our selling and marketing expenses as a percentage of revenue slightly increased from 1.2% in 2020 to 1.3% in 2021.

Administrative and Other Operating Expenses

	Year ended December 31,		Year ended December 31,		Year-on-year change
	2021	2020	2021	2020	
	Amount	As a percentage of revenue (RMB'000, except for percentage)	Amount	As a percentage of revenue	
Administrative and other operating expenses	<u>478,961</u>	<u>0.7%</u>	<u>415,033</u>	<u>0.8%</u>	<u>15.4%</u>

Administrative and other operating expenses increased by 15.4% from RMB415.0 million in 2020 to RMB479.0 million in 2021, primarily due to (i) an increase in average salaries of employee compared to the same period of 2020, which was due to social insurance relief from the relevant government authorities in 2020; and (ii) an increase in our listing expenses.

While maintaining the fast development, the Group further improved the team labor efficiency and the management efficiency. Our administrative and other operating expenses as a percentage of our revenue decreased from 0.8% in 2020 to 0.7% in 2021.

Research and Development Costs

	Year ended December 31,		
	2021	2020	Year-on-
	Amount	Amount	year change
	<i>(RMB'000, except for percentage)</i>		
Research and development costs	<u>78,547</u>	<u>58,276</u>	<u>34.8%</u>

Our research and development costs increased by 34.8% from RMB58.3 million in 2020 to RMB78.5 million in 2021, primarily because the Group increased investment in (i) IT infrastructures; and (ii) research and development personnel, the number of which increased from 182 to 201. The research and development projects of the Group included platform development, digitalized services and operating support system upgrading.

Other Revenue

Our other revenue grew by 137.7% from RMB23.5 million in 2020 to RMB55.8 million in 2021, primarily due to an increase in tax incentives and governmental grants.

Other Net Gain

Our other net gain grew by 12.3% from RMB121.6 million in 2020 to RMB136.6 million in 2021, primarily due to an increase in net realized and unrealized gain on financial assets at fair value through profit or loss, relating to structured deposits and wealth management products.

Net Finance Costs

Our net finance costs increased by 18.1% from RMB603.9 million in 2020 to RMB713.0 million in 2021, primarily due to interest expenses arising from discounted bills, interest expenses on bank loans and redeemable capital contributions.

Our interest expenses arising from redeemable capital contributions amounted to RMB677.5 million and RMB602.1 million in 2021 and 2020, respectively. The interest expenses arising from redeemable capital contributions were primarily attributable to the interest expenses arising from the special rights and terms granted to investors in some of our financing arrangements before the listing, and were recorded as finance costs as redeemable capital contributions were ineligible to be accounted for as equity. Such special rights and terms were unconditionally terminated upon the listing and the redeemable capital contributions had been transferred from liabilities to equity.

Income Tax

Our income tax increased by 23.9% from RMB81.5 million in 2020 to RMB100.9 million in 2021. The increase in income tax in 2021 was mainly due to the growth in our taxable profit from operation.

Loss Attributable to Equity Shareholders of the Company

As a result of the above, we recorded a loss attributable to equity Shareholders of the Company of RMB349.9 million and RMB405.3 million in 2021 and 2020, respectively.

Adjusted Net Profit (Non-IFRS Measures)

To supplement our consolidated results which are prepared and presented in accordance with International Financial Reporting Standards (the “IFRS”), we utilize adjusted net profit (non-IFRS measures) and adjusted net profit attributable to equity shareholders of the Company (non-IFRS measures) as additional financial measures. We define adjusted net profit (non-IFRS measures) as loss for the year, as adjusted by adding back interest expenses arising from redeemable capital contributions and adjusted net profit attributable to equity shareholders of the Company (non-IFRS measures) as loss attributable to equity shareholders of the Company, as adjusted by adding back interest expenses arising from redeemable capital contributions.

We believe that the presentation of such non-IFRS measures when shown in conjunction with the corresponding IFRS measures provides useful information to potential investors and management in facilitating a comparison of our operating performance from period to period by eliminating potential impacts of interest expenses arising from redeemable capital contributions that does not reflect our ongoing operating performance. The use of the non-IFRS measures have limitations as an analytical tool, and you should not consider it in isolation from, or as a substitute for or superior to, the analysis of our results of operations or financial condition as reported under the IFRS. In addition, the non-IFRS measures may be defined differently from similar terms used by other companies.

The following table reconciles the adjusted net profit (non-IFRS measures) of the Group to the most directly comparable financial measure in accordance with IFRSs, loss before taxation, for the periods indicated:

	Year ended December 31,	
	2021	2020
	Amount	Amount
	<i>RMB'000</i>	<i>RMB'000</i>
Loss for the year	(177,049)	(279,992)
Add: interest expenses arising from redeemable capital contributions	677,490	602,140
Adjusted net profit (non-IFRS measures) (unaudited)	500,441	322,148

In 2021 and 2020, our adjusted net profit amounted to RMB500.4 million and RMB322.1 million, respectively, representing a growth of 55.3%, which was higher than that of our revenue.

Adjusted Net Profit Attributable to Equity Shareholders of the Company (Non-IFRS Measures)

The following table reconciles the adjusted net profit attributable to equity shareholders of the Company (non-IFRS measures) of the Group to the most directly comparable financial measure in accordance with IFRSs, loss attributable to equity shareholders of the Company, for the periods indicated:

	Year ended December 31,	
	2021 <i>RMB'000</i>	2020 <i>RMB'000</i>
Loss attributable to equity shareholders of the Company	(349,881)	(405,287)
Add: interest expenses arising from redeemable capital contributions	<u>677,490</u>	<u>602,140</u>
Adjusted net profit attributable to equity shareholders of the Company (non-IFRS measures) (unaudited)	<u><u>327,609</u></u>	<u><u>196,853</u></u>

In 2021 and 2020, our adjusted net profit attributable to equity Shareholders of the Company amounted to RMB327.6 million and RMB196.9 million, respectively, representing a growth of 66.4%.

Cash and Cash Equivalents

As of December 31, 2021 and December 31, 2020, our cash and cash equivalents amounted to RMB2,966.9 million and RMB4,316.0 million, respectively. The Group has sufficient working capital for our operating requirements.

Inventories

As of December 31, 2021 and December 31, 2020, our inventories amounted to RMB2,718.6 million and RMB2,250.6 million, respectively, representing an increase of 20.8%. As of December 31, 2021, the increase in our inventories was primarily in line with the rapid growth of the scale of the direct sales in our commerce business.

By optimizing the structure of our product offerings and deepening our cooperation with upstream brand owners, the Group has improved its operating efficiency, with the turnover days of inventories decreasing from 20 days in 2020 to 14 days in 2021.

Trade and Bills Payables

As of December 31, 2021 and December 31, 2020, our trade and bills payables were RMB14,418.8 million and RMB11,419.3 million, respectively, representing an increase of 26.3%. The increase in our trade and bills payables was primarily due the expansion of our business.

Our trade and bills payables turnover days in 2021 were kept flat with that in 2020, and were 74 days and 75 days, respectively.

Prepayments, Deposits and Other Receivables

As of December 31, 2021 and December 31, 2020, our prepayments, deposits and other receivables were RMB8,416.9 million and RMB6,620.0 million, respectively, representing an increase of 27.1%. The increase in our prepayments, deposits and other receivables as of December 31, 2021 compared to December 31, 2020 was primarily due to the increase in our prepayments, which were made to ensure supply, as requested by customers that placed orders in advance, given the high market demand of our merchandise and to serve as a precaution against any potential adverse impact of an estimated increase in the market price of products such as agricultural means of production.

CAPITAL EXPENDITURES

Our capital expenditures in 2021 and 2020 were RMB22.5 million and RMB27.6 million, respectively, which were used primarily for acquisition of properties and equipment to improve the capability of the Group in supply chain and digitalized infrastructure.

EMPLOYEES AND REMUNERATION POLICY

As at December 31, 2021, the Group had employed a total of 4,460 employees. The Group hires and promotes our staff based on their person on-the-job performance and development potential. The remuneration package of all our employees depends on their performance and market salary levels.

BUSINESS OUTLOOK

The year of 2022 is the first year since the listing of the Company on February 18, 2022. In the face of the complex and changeable domestic and foreign environment and the impact of the repeated epidemics, we will always adhere to the concepts of “Run with the Dream”, “People-oriented” and “Begin with the End”, and closely focus on the goal of “guaranteeing growth and improving quality”, and promote the following key tasks:

1. To focus on the diversified needs of customers, accelerate the improvement of supply chain capabilities, and speed up the transformation from decentralized supply chains to headquarters supply chains. On the one hand, we will continue to develop and strengthen the scale and depth of cooperation with leading brand manufacturers in various industries; on the other hand, we will enhance our own supply chain capabilities through brand authorization, product customization and joint development.
2. To continually deepen the strategy of member stores, speed up the network layout of member stores and improve operational capabilities. Through the upgrade of store image and digitalized reconstruction of high-quality member stores, the operating capacity of member stores and the stickiness of our transactions have been improved; at the same time, the extension and ability improvement of the customer manager team will promote the expansion of member stores in barren areas and improve the service quality.
3. To increase investment in IT infrastructure, speed up digitalized construction, improve the big data analysis capabilities of platform and execution efficiency of transaction system, and optimize the functions and risk control systems of SaaS products, so as to improve the operational efficiency of customers at each side of the link and reduce operational costs.
4. To accelerate the construction of the warehouse distribution system, continuously upgrade the digitalized infrastructure of the warehousing and logistics system, integrate the socialized resources of warehousing and logistics, establish a cloud warehouse and cloud distribution system, and build a unified national warehousing and logistics system solution, so as to provide customers with standardized, specialized, efficient logistics and delivery experience.
5. To promote the continuous upgrading of organizational construction and stimulate business vitality, as well as increase the introduction and training of professional talents, and optimize the personnel structure of the professional business section; continue to innovate the team mechanism to stimulate the potential and innovation of all employees; continue to build a learning organization, create a horseracing atmosphere and a culture filled with reflection and review, and form a high goal-oriented team with high execution and high innovation.

CONSOLIDATED STATEMENT OF PROFIT OR LOSS

For the year ended 31 December 2021

	<i>Note</i>	2021 <i>RMB'000</i>	2020 <i>RMB'000</i>
Revenue	<i>3</i>	65,763,174	49,629,135
Cost of revenue		<u>(63,895,208)</u>	<u>(48,284,624)</u>
Gross profit		1,867,966	1,344,511
Other revenue	<i>4(a)</i>	55,843	23,496
Other net gain	<i>4(b)</i>	136,629	121,646
Research and development costs		(78,547)	(58,276)
Selling and marketing expenses		(864,241)	(609,585)
Administrative and other operating expenses		<u>(478,961)</u>	<u>(415,033)</u>
Profit from operations		638,689	406,759
Finance income	<i>5(a)</i>	166,308	101,006
Finance costs	<i>5(a)</i>	<u>(879,292)</u>	<u>(704,878)</u>
Net finance costs		(712,984)	(603,872)
Share of losses of associates		<u>(1,820)</u>	<u>(1,408)</u>
Loss before taxation	<i>5</i>	(76,115)	(198,521)
Income tax	<i>6</i>	<u>(100,934)</u>	<u>(81,471)</u>
Loss for the year		<u>(177,049)</u>	<u>(279,992)</u>
Attributable to:			
Equity shareholders of the Company		(349,881)	(405,287)
Non-controlling interests		<u>172,832</u>	<u>125,295</u>
Loss for the year		<u>(177,049)</u>	<u>(279,992)</u>
Loss per share	<i>7</i>		
Basic and diluted (RMB)		<u>(0.69)</u>	<u>(0.83)</u>

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the year ended December 31, 2021

	<i>Note</i>	2021 RMB'000	2020 RMB'000
Loss for the year		(177,049)	(279,992)
Other comprehensive income for the year		<u>—</u>	<u>—</u>
Total comprehensive income for the year		<u>(177,049)</u>	<u>(279,992)</u>
Attributable to:			
Equity shareholders of the Company		(349,881)	(405,287)
Non-controlling interests		<u>172,832</u>	<u>125,295</u>
Total comprehensive income for the year		<u>(177,049)</u>	<u>(279,992)</u>

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

	<i>Note</i>	2021 RMB'000	2020 RMB'000
Non-current assets			
Property, plant and equipment		42,635	45,085
Right-of-use assets		111,171	127,927
Investment property		3,707	3,901
Interests in associates		1,990	18,042
Financial assets at fair value through other comprehensive income		2,000	2,000
Pledged deposits		1,150,000	630,000
Time deposits		865,000	530,000
Deferred tax assets		68,690	63,006
		2,245,193	1,419,961
Current assets			
Financial assets at fair value through profit or loss	<i>8</i>	2,705,757	1,073,930
Inventories	<i>9</i>	2,718,623	2,250,583
Trade and bills receivables	<i>10</i>	2,652,767	1,847,404
Prepayments, deposits and other receivables	<i>11</i>	8,416,880	6,620,010
Restricted deposits		15,492	–
Pledged deposits		3,873,552	4,006,904
Time deposits		–	160,000
Cash and cash equivalents		2,966,920	4,315,977
Taxation recoverable		2,827	562
		23,352,818	20,275,370

	<i>Note</i>	2021 <i>RMB'000</i>	2020 <i>RMB'000</i>
Current liabilities			
Bank loans and other borrowings		129,460	212,782
Loans from non-controlling shareholders of subsidiaries		17,026	40,588
Lease liabilities		40,421	56,427
Trade and bills payables	12	14,418,802	11,419,335
Other payables and accruals		612,025	443,761
Contract liabilities	13	2,937,060	2,133,207
Provisions		–	843
Redeemable capital contributions		9,027,445	9,285,430
Taxation payable		48,819	50,822
		<u>27,231,058</u>	<u>23,643,195</u>
Net current liabilities		<u>(3,878,240)</u>	<u>(3,367,825)</u>
Total assets less current liabilities		<u>(1,633,047)</u>	<u>(1,947,864)</u>
Non-current liabilities			
Lease liabilities		67,399	79,627
Deferred income		17,000	17,000
		<u>84,399</u>	<u>96,627</u>
NET LIABILITIES		<u>(1,717,446)</u>	<u>(2,044,491)</u>
Capital and reserves			
Share capital		508,658	508,658
Reserves		(3,584,116)	(3,808,687)
Total deficit attributable to equity shareholders of the Company		(3,075,458)	(3,300,029)
Non-controlling interests		1,358,012	1,255,538
TOTAL DEFICIT		<u>(1,717,446)</u>	<u>(2,044,491)</u>

NOTES

1 GENERAL INFORMATION AND BASIS OF PREPARATION OF THE CONSOLIDATED FINANCIAL STATEMENTS

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.

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, 2021 that is included in this annual results announcement does not constitute the Group’s consolidated financial statements for the year ended December 31, 2021 but is derived from those financial statements.

2 CHANGES IN ACCOUNTING POLICIES

The Group has applied the following amendments to IFRSs issued by IASB to these financial statements for the current accounting period:

- Amendments to IFRS 9, IAS 39, IFRS 7, IFRS 4 and IFRS 16, *Interest rate benchmark reform – phase 2*
- Amendment to IFRS 16, *Covid-19-Related Rent Concessions beyond June 30, 2021*

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. Other than the amendment to IFRS 16, the Group has not applied any new standard or interpretation that is not yet effective for the current accounting period.

3 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 3(b).

(i) Disaggregation of revenue

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

	2021 <i>RMB'000</i>	2020 <i>RMB'000</i>
Revenue from contracts with customers within the scope of IFRS 15		
Revenue from merchandise sales	65,222,853	48,248,712
Commission income	2,760	2,032
Revenue from SaaS+ subscription	278,405	119,087
Revenue from merchant solutions	159,409	123,635
Revenue from other services	99,375	65,820
	<u>65,762,802</u>	<u>48,559,286</u>
Revenue from other sources		
Gross rentals from merchandise leases	–	1,051,256
Others	372	18,593
	<u>372</u>	<u>1,069,849</u>
	<u>65,763,174</u>	<u>49,629,135</u>

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

	2021 <i>RMB'000</i>	2020 <i>RMB'000</i>
A point in time	65,488,133	48,441,834
Over time	275,041	1,187,301
	<u>65,763,174</u>	<u>49,629,135</u>

The Group's customer base is diversified and nil (2020: nil) of the customers with whom transactions have exceeded 10% of the Group's revenues for the year ended December 31, 2021.

(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 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 operating leases of self-owned products 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, commission income and gross rentals from merchandise leases.

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, 2021 and 2020 is set out below.

	2021			
	Commerce business RMB'000	Service business RMB'000	Others RMB'000	Total RMB'000
Reportable segment revenue	<u><u>65,225,613</u></u>	<u><u>437,814</u></u>	<u><u>99,747</u></u>	<u><u>65,763,174</u></u>
Reportable segment profit	<u><u>1,498,255</u></u>	<u><u>286,952</u></u>	<u><u>82,759</u></u>	<u><u>1,867,966</u></u>
	2020			
	Commerce business RMB'000	Service business RMB'000	Others RMB'000	Total RMB'000
Reportable segment revenue	<u><u>49,302,000</u></u>	<u><u>242,722</u></u>	<u><u>84,413</u></u>	<u><u>49,629,135</u></u>
Reportable segment profit	<u><u>1,163,622</u></u>	<u><u>122,417</u></u>	<u><u>58,472</u></u>	<u><u>1,344,511</u></u>

The reconciliation of gross profit to loss before tax for the years ended December 31, 2021 and 2020 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 all of its revenue was generated in the PRC and all of its non-current assets and capital expenditure were located/incurred in the PRC. Accordingly, no geographical information is presented.

4 OTHER REVENUE AND OTHER NET GAIN

(a) Other revenue

	2021 <i>RMB'000</i>	2020 <i>RMB'000</i>
Government grants	55,175	22,575
Others	668	921
	<u>55,843</u>	<u>23,496</u>

(b) Other net gain

	2021 <i>RMB'000</i>	2020 <i>RMB'000</i>
Net realized and unrealized gain on financial assets at fair value through profit or loss	136,663	113,238
Net gain on disposal of interests in subsidiaries	734	6,971
Net gain on disposal of interests in associates	185	–
Net gain/(loss) on disposal of property, plant and equipment	104	(396)
Others	(1,057)	1,833
	<u>136,629</u>	<u>121,646</u>

5 LOSS BEFORE TAXATION

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

(a) Net finance costs

	2021 <i>RMB'000</i>	2020 <i>RMB'000</i>
Interest income from bank deposits	<u>(166,308)</u>	<u>(101,006)</u>
Finance income	(166,308)	(101,006)
Interest expenses on discounted bills and bank loans	193,741	94,734
Interest expenses on loans from non-controlling shareholders of subsidiaries	2,567	1,983
Interest expenses on lease liabilities	5,494	6,021
Interest expenses arising from redeemable capital contributions	<u>677,490</u>	<u>602,140</u>
Finance costs	<u>879,292</u>	<u>704,878</u>
Net finance costs	<u>712,984</u>	<u>603,872</u>

(b) Staff costs

	2021 <i>RMB'000</i>	2020 <i>RMB'000</i>
Salaries, wages and other benefits	540,619	485,010
Contributions to defined contribution retirement plans	34,117	3,291
	<u>574,736</u>	<u>488,301</u>

(c) Other items

	2021 <i>RMB'000</i>	2020 <i>RMB'000</i>
Cost of inventories recognized as expenses (<i>Note i</i>)	63,509,813	46,853,217
Depreciation charge		
– owned property, plant and equipment	20,763	18,949
– right-of-use assets	59,402	60,867
– investment property	194	135
Research and development costs (<i>Note ii</i>)	78,547	58,276
Provision for credit loss on trade and other receivables		
– expected credit loss on trade and other receivables	101,415	98,712
– write-on of other receivables previously written off	(11,115)	(9,060)
Decrease of provisions	(843)	(11,552)
Provision for write-down of inventories	15,747	54,191
Listing expenses	25,650	–
Auditors' remuneration		
– audit services	5,000	2,869
– non-audit services (<i>Note iii</i>)	7,080	–
	<u>7,080</u>	<u>–</u>

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 5(b) for each of these types of expenses.
- (iii) During the year ended December 31, 2021, the Group recognized auditors' remuneration for non-audit services in respect of initial public offering of RMB7,080,000, among which RMB5,027,000 is also included in the listing expenses disclosed separately above.

6 INCOME TAX IN THE CONSOLIDATED STATEMENT OF PROFIT OR LOSS

	2021 <i>RMB'000</i>	2020 <i>RMB'000</i>
Current tax		
Provision for the year	109,588	97,361
Deferred tax		
Origination and reversal of temporary differences	<u>(8,654)</u>	<u>(15,890)</u>
Total income tax expense	<u><u>100,934</u></u>	<u><u>81,471</u></u>

7 LOSS PER SHARE

(a) Basic loss per share

The calculation of the basic loss per share during the years ended December 31, 2021 and 2020 is based on the loss attributable to ordinary equity shareholders of the Company for the purpose of basic loss per share for the years ended December 31, 2021 and 2020 and the weighted average number of ordinary shares for the purpose of basic loss per share calculated as follows:

Loss for the year attributable to ordinary equity shareholders of Company for the purpose of basic loss per share

	2021 <i>RMB'000</i>	2020 <i>RMB'000</i>
Loss for the year attributable to equity shareholders of the Company	(349,881)	(405,287)
Allocation of loss for the year attributable to equity shareholders of redeemable capital contributions	<u>130,318</u>	<u>162,148</u>
Loss for the year attributable to ordinary equity shareholders of the Company for the purpose of basic loss per share	<u><u>(219,563)</u></u>	<u><u>(243,139)</u></u>

Weighted average number of ordinary shares for the purpose of basic loss per share

	2021	2020
Issued ordinary shares at the beginning of the year	508,658,037	485,360,723
Effect of ordinary shares issued for redeemable capital contributions	<u>(189,456,188)</u>	<u>(193,877,267)</u>
Weighted average number of ordinary shares at the end of the year for the purpose of basic loss per share	<u><u>319,201,849</u></u>	<u><u>291,483,456</u></u>

Effect of ordinary shares issued for redeemable capital contributions represent the weighted average number of ordinary shares of the Company associated with the redeemable capital contributions at December 31, 2021 and 2020, which are subject to redemption and excluded from the calculation of the basic loss per share.

(b) Diluted loss per share

Diluted loss per share is calculated by adjusting the weighted average number of ordinary shares outstanding to assume termination of redemption rights attributable to the investors of the Pre-IPO Investments. For the years ended December 31, 2021 and 2020, the Company had the redeemable capital contributions as financial liabilities which are potential ordinary shares. As the Group incurred losses for the years ended December 31, 2021 and 2020, the potential ordinary shares were not included in the calculation of diluted loss per share as their inclusion would be anti-dilutive. Accordingly, diluted loss per share for the years ended December 31, 2021 and 2020 are the same as basic loss per share of the respective years.

8 FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS

	2021 <i>RMB'000</i>	2020 <i>RMB'000</i>
Financial assets at FVPL		
– Structured deposits and wealth management products	<u>2,705,757</u>	<u>1,073,930</u>

The financial assets at FVPL are structured deposits and wealth management products issued by various financial institutions in the PRC with a floating return which will be paid together with the principal on the maturity date or on demand.

9 INVENTORIES

	2021 <i>RMB'000</i>	2020 <i>RMB'000</i>
Merchandise	2,620,770	2,182,345
Goods in transit	<u>180,623</u>	<u>147,039</u>
	<u>2,801,393</u>	<u>2,329,384</u>
Write-down of inventories	<u>(82,770)</u>	<u>(78,801)</u>
	<u>2,718,623</u>	<u>2,250,583</u>

10 TRADE AND BILLS RECEIVABLES

	2021 <i>RMB'000</i>	2020 <i>RMB'000</i>
Trade receivables	1,616,940	951,910
Less: loss allowance	<u>(45,692)</u>	<u>(24,271)</u>
	<u>1,571,248</u>	<u>927,639</u>
 Bills receivable	 <u>1,081,519</u>	 <u>919,765</u>
	<u><u>2,652,767</u></u>	<u><u>1,847,404</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:

	2021 <i>RMB'000</i>	2020 <i>RMB'000</i>
Within 3 months	2,472,909	1,753,897
Over 3 months but within 12 months	155,894	77,674
Over 12 months	<u>23,964</u>	<u>15,833</u>
	<u><u>2,652,767</u></u>	<u><u>1,847,404</u></u>

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

11 PREPAYMENTS, DEPOSITS AND OTHER RECEIVABLES

	2021 <i>RMB'000</i>	2020 <i>RMB'000</i>
Prepayments	7,475,689	5,795,940
Value added tax recoverable	151,778	162,829
Refund receivables from suppliers	293,739	156,174
Amounts due from former subsidiaries	344,139	368,839
Other deposits and receivables	<u>308,816</u>	<u>285,885</u>
	<u>8,574,161</u>	<u>6,769,667</u>
 Less: loss allowance	 <u>(157,281)</u>	 <u>(149,657)</u>
	<u><u>8,416,880</u></u>	<u><u>6,620,010</u></u>

12 TRADE AND BILLS PAYABLES

	2021 <i>RMB'000</i>	2020 <i>RMB'000</i>
Trade payables	1,588,378	1,338,206
Bills payable	12,830,424	10,081,129
	<u>14,418,802</u>	<u>11,419,335</u>

Ageing analysis

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:

	2021 <i>RMB'000</i>	2020 <i>RMB'000</i>
Within 3 months	4,942,782	4,412,451
3 to 12 months	9,362,080	6,916,119
Over 12 months	113,940	90,765
	<u>14,418,802</u>	<u>11,419,335</u>

13 CONTRACT LIABILITIES

	2021 <i>RMB'000</i>	2020 <i>RMB'000</i>
Balance at the beginning of the year	2,133,207	3,191,145
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	(2,032,806)	(2,921,242)
Increase in contract liabilities as a result of receiving advance payments during the year	2,988,570	2,134,407
Acquisition of interests in subsidiaries	11,100	–
Decrease in contract liabilities as a result of disposal of interests in subsidiaries	(163,011)	(271,103)
Balance at the end of the year	<u>2,937,060</u>	<u>2,133,207</u>

14 DIVIDENDS

The Directors did not propose the payment of any dividend during the year ended December 31, 2021.

15 NON-ADJUSTING EVENTS AFTER THE REPORTING PERIOD

On February 18, 2022, the Company's H Shares were listed on the Main Board of the Stock Exchange of Hong Kong Limited, where 51,606,200 H Shares were issued and subscribed at an offer price of HK\$43.00 per H Share by way of initial public offering to Hong Kong and overseas investors. Gross proceeds from these issues amounted to approximately HK\$2,219 million. On March 16, 2022, pursuant to the partial exercise of the over-allotment option by the joint international underwriters of the initial public offering, the Company issued and subscribed an additional 2,305,600 H shares at the offer price of HK\$43.00 per H Share. The additional gross proceeds from the exercise of over-allotment option amounts to approximately HK\$99 million.

OTHER INFORMATION

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

From the Listing Date up to the date of this announcement, neither the Company nor any of its subsidiaries has purchased, sold or redeemed any of the Company's listed securities.

2. Final Dividend

The Board has resolved not to recommend payment of any final dividend for the year ended December 31, 2021.

3. Annual General Meeting

A notice convening the annual general meeting of the Company will be published and despatched to the Shareholders in the manner required by the Listing Rules in due course.

4. Compliance with the Corporate Governance Code

The Company is committed to maintaining sound corporate governance practice to guarantee the interests of its 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 since the Listing Date.

As the H Shares were not yet listed on the Stock Exchange during the Reporting Period, the Corporate Governance Code was not applicable to the Company during the Reporting Period. From the Listing Date up to the date of this announcement, the Company has complied with the code provisions of the Corporate Governance Code.

5. Compliance with the Model Code

The Company adopts the Model Code as its code of conduct for securities transactions by the Directors and Supervisors. As the H Shares of the Company were not yet not been listed on the Stock Exchange during the Reporting Period, the Model Code was not applicable to the Company during the Reporting Period. However, after making the specific enquiries to all directors and supervisors, each of the Directors and Supervisors has confirmed that they have complied with the standards set out in the Model Code throughout the period from the Listing Date to the date of this announcement.

6. Significant Subsequent Events

Except for the subsequent events disclosed in note 15 to the financial information in this announcement, after December 31, 2021 and up to the date of this announcement, there were no significant events affecting the Group need to be disclosed.

7. Audit Committee

The Audit Committee of the Company comprises two independent non-executive Directors, Mr. HUANG Shun (黃順) (chairman) and Mr. LIU Xiangdong (劉向東), and a non-executive Director, Mr. WANG Yi (王軼).

The Company's audited annual results for the year ended December 31, 2021 have been reviewed by the audit committee. The audit committee considered that the preparation of the relevant financial statements complied with the applicable accounting standards and requirements 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 accountants.

8. Scope of work of KPMG

The financial figures in respect of the Group's consolidated statement of financial position, consolidated statement of profit or loss, consolidated statement of profit or loss and other comprehensive income and the related notes thereto for the year ended December 31, 2021 as set out in the preliminary announcement have been compared by the Group's auditor, KPMG, Certified Public Accountants, to the amounts set out in the Group's audited consolidated financial statements for the year and the amounts were found to be in agreement. The work performed by KPMG in this respect did not constitute an audit, review or other assurance engagement in accordance with Hong Kong Standards on Auditing, Hong Kong Standards on Review Engagements or Hong Kong Standards on Assurance Engagements issued by the Hong Kong Institute of Certified Public Accountants and consequently no assurance has been expressed by the auditor.

9. Publication of the Annual Results and Annual Report

This annual results announcement will be 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, 2021 containing all information required by the Listing Rules will also be despatched to the Shareholders in due course and will be published on the above websites.

DEFINITIONS

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

“Board”	the board of directors of the Company
“China” or “PRC”	the People's Republic of China, for the purpose of this announcement, excluding Hong Kong, Macau Special Administrative Region and Taiwan region
“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
“Corporate Governance Code”	Corporate Governance Code set out in Appendix 14 to the Listing Rules

“Directors”	the directors of the Company
“Group”	our Company and its Subsidiaries (or our 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 our Company with nominal value of RMB1.00 each, which are to be subscribed for and traded in HK dollars and are to be listed on the Stock Exchange
“HK dollars” or “HK\$”	Hong Kong dollars, the lawful currency of Hong Kong
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC
“Listing Date”	Friday, February 18, 2022, on which dealings in our H Shares first commence on the Stock Exchange
“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 10 to the Listing Rules
“Reporting Period”	the year ended December 31, 2021
“RMB”	Renminbi, the lawful currency of the PRC
“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 in Section 15 of the Companies Ordinance (Chapter 622 of the Laws of Hong Kong)
“Supervisor(s)”	member(s) of the Board of Supervisors of the Company
“%”	per cent

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

Nanjing, the People’s Republic of China
March 30, 2022

As at the date of this announcement, the Board comprises the Chairman and non-executive Director, namely Mr. Wang Jianguo; executive Directors, namely Mr. Xu Xiuxian and Mr. Zhao Liangsheng; the non-executive Directors, namely Mr. Wang Jian, Mr. Cai Zhongqiu and Mr. Wang Yi; and the independent non-executive Directors, namely Mr. Liu Xiangdong, Mr. Cheng Zichuan and Mr. Huang Shun.