



HUITONGDA NETWORK CO., LTD.

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

Stock Code : 9878

2025 ANNUAL REPORT



CONTENTS

Corporate Information	2
Definitions	4
Financial Summary and Operating Metrics	7
Chairman's Statement	8
Management Discussion and Analysis	15
Directors and Senior Management	23
Report of the Board	30
Corporate Governance Report	66
Independent Auditor's Report	86
Consolidated Statement of Profit or Loss	92
Consolidated Statement of Profit or Loss and Other Comprehensive Income	93
Consolidated Statement of Financial Position	94
Consolidated Statement of Changes in Equity	96
Consolidated Cash Flow Statement	98
Notes to the Financial Statements	100



CORPORATE INFORMATION

BOARD OF DIRECTORS

Chairman of the Board and non-executive Director

Mr. WANG Jianguo

Executive Directors

Mr. XU Xiuxian (Chief Executive Officer)
Mr. ZHAO Liangsheng
Mr. SUN Chao

Non-executive Director (excluding the chairman of the Board)

Mr. CAI Zhongqiu

Independent Non-executive Directors

Ms. YU Lixin
Mr. LIU Xiangdong
Mr. DIAO Yang

AUDIT COMMITTEE

Ms. YU Lixin (Chairlady)
Mr. LIU Xiangdong
Mr. DIAO Yang

REMUNERATION AND APPRAISAL COMMITTEE

Mr. LIU Xiangdong (Chairman)
Mr. XU Xiuxian
Ms. YU Lixin

NOMINATION COMMITTEE

Ms. YU Lixin (Chairlady)
Mr. XU Xiuxian
Mr. LIU Xiangdong

STRATEGY COMMITTEE

Mr. WANG Jianguo (Chairman)
Mr. XU Xiuxian
Mr. LIU Xiangdong

SUSTAINABLE DEVELOPMENT (ESG) COMMITTEE

Mr. WANG Jianguo (Chairman)
Mr. XU Xiuxian
Mr. SUN Chao

JOINT COMPANY SECRETARIES

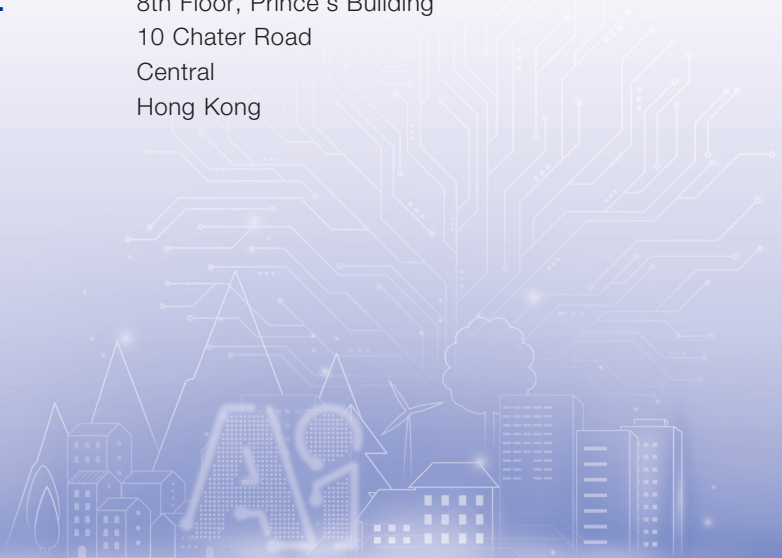
Ms. TANG Min
Ms. AU Wai Ching

AUTHORIZED REPRESENTATIVES

Mr. WANG Jianguo
Ms. AU Wai Ching

AUDITOR

KPMG
Certified Public Accountants
Public Interest Entity Auditor registered in accordance with the Accounting and Financial Reporting Council Ordinance
8th Floor, Prince's Building
10 Chater Road
Central
Hong Kong



Corporate Information

REGISTERED OFFICE AND HEADQUARTERS

Huitongda Building
50 Zhongling Street, Xuanwu District
Nanjing
Jiangsu Province
PRC

PRINCIPAL PLACE OF BUSINESS IN HONG KONG

40th Floor, Dah Sing Financial Centre
248 Queen's Road East
Wanchai
Hong Kong

LEGAL ADVISORS

Hong Kong Laws:

Clifford Chance
27/F, Jardine House
One Connaught Place
Hong Kong

PRC Laws:

Grandall Law Firm (Nanjing)
7th-8th Floor, Building B, No.309 Hanzhong
Gate Avenue
Nanjing
PRC

H SHARE REGISTRAR

Computershare Hong Kong Investor Services Limited
Shops 1712-1716
17/F, Hopewell Centre
183 Queen's Road East
Wan Chai
Hong Kong

PRINCIPAL BANKER

Industrial and Commercial Bank of China Nanjing
Shanxi Road Sub-branch
No. 143, Zhongshan North Road
Gulou District
Nanjing
PRC

STOCK CODE

9878

COMPANY'S WEBSITE

www.htd.cn

DEFINITIONS

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

“Alibaba China”	Alibaba (China) Network Technology Co., Ltd., one of the Company’s Shareholders
“Articles of Association”	the articles of association of the Company, as amended, supplemented or otherwise modified from time to time
“Audit Committee”	the audit committee of the Board
“Board” or “Board of Directors”	the board of directors of the Company
“Board of Supervisors”	the former board of supervisors of the Company (the Company no longer have a Board of Supervisors with effective from December 19, 2025)
“CG Code”	the Corporate Governance Code set out in Appendix C1 to the Listing Rules
“China” or “PRC”	the People’s Republic of China, for the purpose of this annual report only, excluding Hong Kong, Macau Special Administrative Region of the PRC 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, 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
“Domestic Share(s)”	domestic share(s) in the share capital of the Company, with a nominal value of RMB1.00 each, which is (are) subscribed for or credited as paid in Renminbi
“Domestic Shareholder(s)”	holder(s) of Domestic Share(s)
“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 share(s) in the share capital of the Company with nominal value of RMB1.00 each, which is (are) subscribed for and traded in HK dollars and listed on the Hong Kong Stock Exchange
“H Shareholder(s)”	holder(s) of H Share(s)
“HK dollars” or “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
“IFRS Accounting Standards”	the collective term, which includes all applicable individual International Financial Reporting Standards, International Accounting Standards and Interpretations issued by the International Accounting Standards Board

Definitions

“Jin Tong Ling”	Jin Tong Ling Technology Group Co., Ltd. (金通靈科技集團股份有限公司), a company listed on the ChiNext Board of the Shenzhen Stock Exchange (stock code: 300091) and principally engaged in the manufacture of industrial blowers, compressors, steam turbines and industrial boiler products. As of the Latest Practicable Date, the Company holds 25% shares in Jin Tong Ling, becoming its largest shareholder
“Latest Practicable Date”	April 23, 2026, being the latest practicable date prior to the publication of this annual report for ascertaining certain information contained herein
“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”	the Model Code for Securities Transactions by Directors of Listed Issuers set out in Appendix C3 to the Listing Rules
“Nomination Committee”	the nomination committee of the Board
“Option(s)”	share option(s) to subscribe for H Share(s) granted to grantees pursuant to the rules of the Share Option Scheme
“Prospectus”	the prospectus of the Company dated January 31, 2022
“Provisional Administrators”	the liquidation group of Jin Tong Ling Technology Group Co., Ltd., composed of relevant departments of Nantong Municipal Government and Shanghai Links Law Offices, and appointed as the Provisional Administrators of Jin Tong Ling for the prerestructuring period by the court on April 3, 2025
“Remuneration and Appraisal Committee”	the remuneration and appraisal committee of the Board
“Reporting Period” or “Year”	the year ended December 31, 2025
“Restructuring Investment Agreement”	the Company, Jin Tong Ling and the Provisional Administrators entered into the Jin Tong Ling Technology Group Co., Ltd. (Pre-)Restructuring Investment Agreement (《金通靈科技集團股份有限公司(預)重整投資協議》) in relation to the Acquisition on September 5, 2025
“RMB”	Renminbi, the lawful currency of the PRC
“RSU(s)”	restricted share unit(s), under the RSU Scheme each share unit represents one underlying H Share of an award granted to a selected participant
“RSU Scheme”	the restricted share unit scheme adopted by the Company as resolved by the Board on October 11, 2022 and considered and approved by the Shareholders at the general meeting on November 28, 2022

Definitions

“SFC”	Securities and Futures Commission of Hong Kong
“SFO”	Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong), as amended, supplemented or otherwise modified from time to time
“Share(s)”	ordinary shares in the share capital of the Company with a nominal value of RMB1.00 each, including Domestic Shares and H Shares
“Shareholder(s)”	the shareholder(s) of the Company, including Domestic Shareholders and H Shareholders
“Share Option Scheme”	the H Share option scheme adopted by the Company as resolved by the Board on September 20, 2024 and considered and approved by the Shareholders at the general meeting on November 12, 2024
“Strategy Committee”	the strategy committee of the Board
“Subsidiary(ies)”	has the meaning ascribed thereto under the Listing Rules
“Supervisor(s)”	the former supervisor(s) of the Company (the Company no longer has a Board of Supervisors with effective from December 19, 2025)
“Sustainable Development (ESG) Committee” or “ESG Committee”	the sustainable development (ESG) committee of the Board
“Treasury Shares”	has the meaning ascribed thereto under the Listing Rules
“%”	per cent



FINANCIAL SUMMARY AND OPERATING METRICS

FINANCIAL OVERVIEW

	Year ended December 31,				
	2025 RMB'000	2024 RMB'000	2023 RMB'000	2022 RMB'000	2021 RMB'000
Revenue	52,297,458	60,059,328	82,432,520	82,105,987	65,763,174
Including:					
Revenue from commerce business	51,529,380	59,269,204	81,618,095	81,177,331	65,225,613
Revenue from service business	553,252	610,474	654,719	794,836	437,814
Gross profit	2,331,529	2,308,895	2,739,724	2,588,101	1,867,966
Profit from operations	692,022	597,925	794,013	714,650	638,689
Profit for the year	529,358	461,769	697,299	557,819	(177,049)
Profit/(loss) attributable to equity shareholders of the Company	300,294	269,738	448,275	316,378	(349,881)
Total assets	30,506,350	28,491,140	29,110,070	29,388,741	25,598,011
Cash and cash equivalents	2,543,239	2,781,257	3,748,938	4,082,240	2,966,920
Total liabilities	20,484,565	18,880,640	19,615,041	19,778,571	27,315,457

OPERATING METRICS

	Year ended December 31,				
	2025	2024	2023	2022	2021
Total number of registered member stores	254,590	248,560	237,238	206,231	169,466
Number of active member stores	111,295	95,111	90,708	76,160	62,203
Total number of subscription users	116,022	107,929	131,810	113,998	102,047
Including: paid users	29,528	38,172	48,069	29,775	17,905

CHAIRMAN'S STATEMENT



Dear Shareholders:

I hereby on behalf of the Board present to the Shareholders the annual report of the Company for the year ended December 31, 2025, and express our sincere gratitude to the Shareholders for concern and support to the Group.

BUSINESS REVIEW

In 2025, the Group has proactively implemented structural adjustments focused on profitability and cash flow, achieving a historic breakthrough in operational quality. While there was a moderate correction in periodic revenue, multiple core indicators including gross profit margin and net profit margin reached record highs, marking the Company's official entry into a new cycle of value creation characterized by "improving quality and enhancing efficiency".

During the Reporting Period, the Group achieved operating revenue of RMB52.30 billion and a net profit of RMB529 million, representing a year-on-year increase of 14.6%. Profit attributable to equity Shareholders of the Company amounted to RMB300 million, representing a year-on-year increase of 11.3%. The gross profit margin increased to 4.5%, with a year-on-year increase of 0.7 percentage points, representing an increase of 18%. The net operating cash inflow reached RMB419 million, reflecting a solid financial position. During the Reporting Period, the Group's core profit indicators recorded growth in the process of the Group's proactive optimisation of business structure. The Group's three core financial indicators, namely gross profit margin, net profit margin, and net profit margin attributable to equity shareholders of the Company, all reached historical highs, fully demonstrating the continuous improvement in operational quality and profitability, which marks the Group's entry into a "new phase" of high-quality growth.

Chairman's Statement

I. Deepening the Development of Intelligent Supply Chains to Enhance Quality and Efficiency across the Entire Industrial Chain

During the Reporting Period, the Group continued to enhance its intelligent supply chain capabilities, focusing on building an innovative supply chain model that integrates “reverse customization, short-chain distribution, and digitalization”. This initiative aims to assist partners across the entire industrial chain in improving quality and efficiency. On February 28, 2025, the Group officially launched three major intelligent supply chain projects: “Brand Express”, “Own Brand Ecosystem Development”, and “Open Smart Supply Chain Platform”, and comprehensively promoted their implementation. This involved continuously deepening strategic cooperation with leading brand manufacturers such as Apple, Shandong Ruixing, and Ningxia Lanfeng. Notably, during Apple’s new product launch season, the gross profit margin increased by over 30%, and output per single store grew by more than 40%. The Group actively expanded into innovative categories such as fast-moving consumer goods and senior-friendly health products, collaborating with companies like Joy Group, Oulin Group, Boin Hearing, and Benlai Life to develop new consumption scenarios in lower-tier markets. In 2025, the Group’s revenue from new categories increased by over 50%. Revenue from the Group’s own brands surpassed RMB140 million, representing a year-on-year increase of 37%, with gross profit margin exceeding 40%. Among these, our own brands such as “Peach Blossom (桃花潭)”, “Forbidden City (故宫)” and “IDISSA (阿爾蒂沙)” were widely acclaimed by the market, with their brand influence continuously growing.

II. Deepened Development and Application of AI Products with Remarkable Results in Intelligent Upgrading

The Group has firmly advanced the in-depth integration of “AI + industries”, strengthened AI empowerment for member stores, and developed the “Qiancheng Cloud AI” vertical application large model featuring “small stores with large models” as well as a product matrix of AI marketing agents. We have not only launched a large model, but more importantly, we have introduced the “AI Store Assistant”. It automatically analyzes store sales data and local consumption trends to provide precise product selection recommendations for member store owners. At the same time, it supports one-click generation of marketing copy and automated planning of marketing campaigns. With the “AI Store Assistant”, we have upgraded our SaaS tools from “management software” to “revenue-generating tools”, making member store operations easier and profitability more sustainable.

On the one hand, it has strengthened the foundation of vertical large models, independently developed and iterated the retail-scenario-based “Qiancheng Cloud AI” vertical model in an all-round way, integrated world-leading open-source model algorithms, and launched data analysis systems and industry models more suitable for the operation of small stores in the low-tier markets. It also passed the filing of “large models” with the Cyberspace Administration of China in May 2025. On the other hand, it has accelerated the R&D and commercial promotion of AI Agents, promoted the upgrading of AI innovative applications and digital-intelligent systems, improved and iterated AI-enabled products, accelerated the establishment of a full-scenario intelligent Agent matrix to empower digital-intelligent new retail, and continuously boosted the operational efficiency of member retail stores.

Meanwhile, the Group has deepened the construction of AI+ ecological cooperation and reached a full-stack comprehensive AI cooperation with Alibaba Cloud. It has continuously integrated its online-offline integrated operation and service capabilities with Alibaba Cloud’s core “Cloud + AI” capabilities to jointly build a new “AI + industries” ecosystem in low-tier markets, further strengthening the Group’s competitiveness in the digital-intelligent retail sector.

Chairman's Statement

Adopting the market strategy of rapidly promoting the full AI transformation of digital-intelligent products and the fast commercialization of AI agents, combined with the characteristics of agile iteration and effect delivery of AI, the Group has gradually upgraded from the basic standard subscription payment model to a comprehensive payment model of "standard subscription payment + pay-as-you-go + pay-for-performance". Its annual AI revenue exceeded RMB100 million, and the structure of comprehensive service revenue continued to improve.

III. Explored and Laid Out New Retail Formats and Entered the FMCG Discount Chain Track

To adapt to the transformation of retail formats, build a new relationship among consumers, products and scenarios, seize terminal dominance in the new retail era, and further transform into fast-moving consumer goods (FMCG) operation, the Group has officially entered the field of hard discount FMCG chains and launched the "Z-Zip Bee" hard discount supermarket chain brand. In December 2025, it successfully opened the first batch of ten stores simultaneously in Nanjing, striving to become a leading brand of hard discount chains in low-tier markets in the next three years.

IV. Deepened the Two-Wheel Drive of "Industry + Capital" and Completed Multiple Investments and Mergers of High-Potential Projects

The Group has adhered to the two-wheel drive strategy of "Industry + Capital". On the one hand, it has deeply cultivated industrial construction; on the other hand, it has promoted investments in and mergers of high-quality targets through capital means, achieving breakthrough results. In September 2025, as a restructuring industrial investor, the Group participated in the merger, acquisition and restructuring of Jin Tong Ling, a listed company in the high-end manufacturing industry, at the minimum acquisition price complying with regulatory requirements, constructing a dual industrial layout of "large consumption + intelligent manufacturing", enhancing the Group's management and operation capabilities in the high-end manufacturing sector, and bringing considerable investment returns to shareholders. In November 2025, the Group merged and acquired Tibet Boundary Information Technology Co., Ltd. (西藏邊界信息科技有限公司) ("**Boundary**") and its subsidiaries (together, "**Boundary Group**"), a leading enterprise in e-commerce AI. Boundary is an intelligent technology company focusing on e-commerce and retail enterprises, providing full-stack services covering "AI products" and "digital-intelligent solutions". Through the comprehensive integration of its technologies, commodities, operations, data and other resources, the Group has further enhanced its AI service capabilities and core competitiveness, and accelerated the construction of full-stack AI capabilities.

Through strategic mergers and acquisitions, the Group has successfully built a new industrial layout of "large consumption + intelligent manufacturing + AI technology", adding a new engine for the construction of its core capabilities and sustainable growth in the future.



Chairman's Statement

V. Promoting the Integrated Development of Urban and Rural Economies and Constantly Enhancing Corporate Influence

In 2025, the Group received extensive attention and recognition from various levels of government and society, which further strengthened its industry influence. The Group was invited to attend symposiums held by the Ministry of Commerce and the All-China Federation of Industry and Commerce, among others. Leaders from the Standing Committee of the Jiangsu Provincial Party Committee, the Organization Department of the Provincial Party Committee, the Provincial United Front Work Department, and the Jiangsu Provincial Committee of the Communist Youth League visited for research and inspections for many times, and have highly praised Huitongda's undertakings. In 2025, the Company received numerous corporate honors and provincial and ministerial-level awards: it continued to be listed on the Top 500 Chinese Enterprises, the Top 500 Chinese Service Enterprises, the Key Software Enterprise Encouraged by the State, and the Top 100 Industrial Internet Enterprises.

FUTURE PROSPECT

In 2026, with the advent of the "15th Five-Year Plan" period, the national strategy is guiding the economy to achieve a comprehensive leap from high-speed growth to high-quality development. Currently, technological innovation and industrial upgrading are deeply integrated, and artificial intelligence is developing rapidly. The "new quality productive forces" driven by technological innovation is becoming a key force in reshaping the global competitive landscape. On the other hand, the consumer market is showing a trend of both rationalization and high quality, with profound adjustments in the demand structure. We face both opportunities and challenges.

Amid this macro environment, the Group has established the annual policy of "ensuring growth, improving quality, and pursuing transformation and upgrading", fully embracing the AI wave, meeting the new market demands, thereby accelerating the transformation and upgrading of the Group towards an innovative supply chain and AI-enabled technology enterprise. In 2026, the Group will focus on implementing four major innovative projects:

I. Accelerating the expansion to the fast-moving consumer goods discount chain market

The Group will accelerate the implementation of the "Fast-moving Consumer Goods Discount Chain Project" to drive the transformation of the Group's core business from slow-moving consumer goods to fast-moving consumer goods. In terms of channel layout: the Group will focus in depth on the lower-tier markets, rapidly expand through various means such as self-operation, joint ventures, and mergers and acquisitions, and gradually build a wide-ranging distribution system for fast-moving consumer goods in the lower-tier markets in the future. In terms of supply chain construction: on the one hand, the Group will establish a centralized procurement platform to integrate and link more high-quality upstream resources of fast-moving consumer goods through a short-chain model. On the other hand, the Group will further collaborate with existing strategic partner brands, fully engage in customer co-creation, and create more innovative products, best-selling SKUs, and self-owned brands, providing a solid guarantee for the ultimate cost performance of the hard discount model. In terms of operation and management: the Group will focus on the single-store output, continuously refine its operation model, and strengthen AI empowerment and intelligent hardware services by centering on the pain points and demands of stores, such as product shelving, intelligent replenishment, intelligent marketing, instant retail, fan operation, retail robots and cash register robots, etc. The in-depth empowerment of AI capabilities will enable the Group to improve the operational efficiency, expand sales and increase profits of stores. In the next three years, the Group strives to become the leading brand of hard discount chains in China's lower-tier markets and create new growth drivers for the sustainable development of the enterprise.

Chairman's Statement

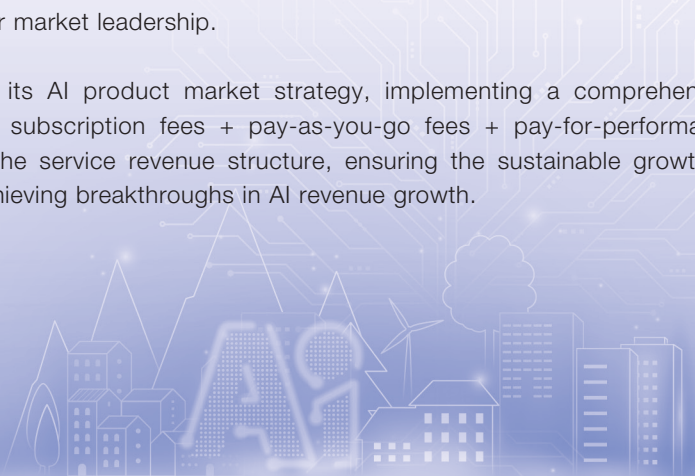
II. Focusing on AI Application Scenarios to Enhance Digital and Intelligent Empowerment Capabilities

In 2026, the Group will continue to upgrade its AI+ strategy, further focusing on AI application scenarios. Centered on the entire operational chain of the retail industry, we will build the Qiancheng Cloud AI vertical application large model, embodying the concept of “small stores, large models”, and an AI marketing agent matrix. We will accelerate the development, application, and revenue generation of AI Agent, constructing an empowerment system integrating “AI + Digital Intelligence + Hardware-Software Integration.” This marks a comprehensive upgrade from SaaS-based empowerment to AI-driven empowerment, continuously accumulating data assets and enhancing digital and intelligent empowerment capabilities.

On one hand, we will strengthen the foundation of our vertical large model by fully self-developing and iterating the “Qiancheng Cloud AI” vertical model tailored for retail scenarios. By integrating globally leading open-source model algorithms, we will introduce a data analysis system and industry model better suited for store operations in lower-tier markets. On the other hand, we will accelerate the R&D and commercial promotion of AI Agents, focusing on an AI Agent application matrix centered on enterprise-level applications in marketing, sales, content management, member marketing, and smart supply chain. We aim to build a more secure and efficient cloud-edge-device integrated, enterprise-level private computing-storage integrated solution.

We will further drive the comprehensive AI-oriented upgrade of digital intelligence products, achieving automation and intelligence. Through command-based and conversational interactions, we will deliver outcome-based results, empowering the new digital and intelligent retail landscape more intelligently and enhancing member marketing efficiency. Simultaneously, we will proactively plan the integration of physical AI and intelligent agents, introducing industry-leading algorithms and AI R&D talent. We will collaboratively develop intelligent terminals and AI robots based on retail intelligence, such as smart cash registers, smart store patrol systems, and smart retail service robots. Furthermore, we will strengthen our comprehensive full-stack AI cooperation with Alibaba Cloud, achieving complementarity and synergy between our agents and Alibaba Cloud’s “Cloud + AI” core capabilities. We will deepen the construction of the AI+ ecosystem, collaborating with universities, research institutions, chip manufacturers, and leading enterprises to build an “AI + Agent” ecosystem for the lower-tier market. This will continuously enhance the Group’s intelligent service capabilities and R&D capabilities in areas like digital and intelligent retail, AI member marketing, and smart supply chains, solidifying our market leadership.

The Group will continue to optimize its AI product market strategy, implementing a comprehensive payment model combining “standard subscription fees + pay-as-you-go fees + pay-for-performance fees.” We will continuously optimize the service revenue structure, ensuring the sustainable growth of comprehensive service income and achieving breakthroughs in AI revenue growth.



Chairman's Statement

III. Building an Intelligent Technology Product Service Platform

Leveraging long-term, in-depth cooperation with leading technology brands like Apple, the Group has established and validated a full-chain service capability for technology products that integrates refined operations, high-efficiency service, and precise conversion. In 2026, relying on this core capability, the Group will comprehensively upgrade to build an “Intelligent Technology Product Service Platform.” We are committed to becoming the “Value Connector” in the intelligent technology industry, utilizing full-chain services and data intelligence to accelerate the efficient transformation of technological achievements into new quality productive forces. We will provide full-cycle commercialization services for a wider range of intelligent technology enterprises, especially innovators with cutting-edge technologies.

Through deep channel empowerment and digital marketing, the Group will help them solve the challenge of transforming technology prototypes into best-selling products, achieving a large-scale leap from product to best seller and successfully commercializing them. This involves, on one hand, leveraging our extensive lower-tier channel network and AI marketing capabilities to pave the way for the market entry of technology products. On the other hand, relying on our digital and intelligent platform, we will feed back accumulated consumer data to upstream enterprises, providing them with more precise market-oriented suggestions for product R&D and iteration, thereby promoting demand-driven production and agile innovation.

IV. Implementing Innovative Supply Chain Projects

The Group will focus on building an innovative supply chain platform centered on FMCG. On one hand, the Group will continue to deepen the “Self-owned Brand Ecosystem Development (自有品牌生態群)” and the “Brand Express Project (品牌直通車工程)” through an innovative supply chain model characterized by “reverse supply chain + short supply chain + digitalization (反向+短鏈+數字化)”. Leveraging AI and big data, the Group aims to achieve precise matching between supply and demand, fostering a virtuous industrial ecosystem that benefits producers, distributors, and consumers alike. On the other hand, aligning with the new directions of consumer categories, consumption scenarios, and consumption channels, the Group will forge deeper upstream connections with high-frequency FMCG categories such as liquor and beverages, foods, daily detergent and skin-care products to enrich our supply resources and enhance supply quality, and precisely cover emerging scenarios such as chain retail terminals, private domain operations, and O2O in downstream industries, positioning ourselves as a comprehensive, innovative supply chain service platform that serves all channels and adapts to new consumption trends.

The year 2026 will mark a pivotal transition for Huitongda from strategic upgrading to value realization. With the deep engagement in the markets in lower-tier cities over the past fourteen years, and driven by the artificial intelligence technological revolution, the transformation of new retail formats, and industrial capital, the Group will accelerate its shift from a phase of high-quality operations to one of value creation. Looking ahead to 2026, the Group will steadfastly implement our annual strategy of “ensuring growth, improving quality, and pursuing transformation and upgrading”, translating our strategic vision into growth momentum. We will leverage AI to reshape operational efficiency, create industrial value through supply chain capabilities, and explore new growth opportunities through hard-discount chain operations.

Chairman's Statement

The Group will continue to strengthen capital-driven growth, achieving dual-line expansion in both “industry and capital”. On one hand, the Group will optimize the operations of existing investment and M&A projects (such as Jin Tong Ling and Boundary), fully enabling synergies, enhancing industrial value, and driving sustained growth. On the other hand, in line with our strategic transformation and upgrading, the Group will advance investments and M&As in high-potential projects across key areas such as FMCG chains, AI vertical applications, technology service platforms, and innovative supply chains. This will accelerate our capability-building and promote a comprehensive improvement in both corporate and capital value.

The Group places great importance on returning value to our Shareholders. In 2026, the Group will make well-coordinated plans that balance long-term development with Shareholder interests, continuously improving our profit distribution mechanisms and actively sharing the fruits of our development with all Shareholders through cash dividends and other means. Going forward, the Group will remain committed to creating sustainable, long-term value for our Shareholders, partners, and society.

Chairman

Mr. WANG Jianguo

April 23, 2026



MANAGEMENT DISCUSSION AND ANALYSIS

FINANCIAL REVIEW

During the Reporting Period, the Group continued to focus on its strategy of cooperation with leading brands and network expansion in lower-tier markets. It proactively optimized its business structure, scaled back inefficient operations, and concentrated resources on developing core product categories with high margins and strong growth potential. In 2025, the Group's revenue was RMB52,297.5 million, representing a decrease of 12.9%.

The following table sets forth the absolute amount and year-on-year change in revenue by business segments for 2024 and 2025:

Commerce Business

	Year ended December 31,		Year-on-year change
	2025 RMB'000	2024 RMB'000	
Commerce Business:			
Consumer electronics	32,875,894	34,883,092	(5.8%)
Household appliances	8,357,834	9,344,250	(10.6%)
Agricultural means of production	5,991,833	7,461,267	(19.7%)
Vehicles and auto parts merchandise	1,937,664	4,777,766	(59.4%)
Homebuilding and renovation materials	1,557,517	1,904,957	(18.2%)
Liquor and beverages	505,599	701,340	(27.9%)
Others ⁽¹⁾	303,039	196,532	54.2%
Total Income for Commerce Business	51,529,380	59,269,204	(13.1%)

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

The Group's revenue from the commerce business segment decreased by 13.1% from RMB59,269.2 million in 2024 to RMB51,529.4 million in 2025.

The change in revenue from the commerce business segment was mainly due to the Group's proactive promotion of strategic transformation and business restructuring. During the Reporting Period, the Group focused on profit and cash flow, resolutely implemented a "strategic streamlining" initiative, divested resources from the low value-added "logistics intermediary" role, and concentrated efforts on the high-growth "technology-enabled" and "private brand" sectors. This forward-looking adjustment was made to achieve more sustainable compound growth in the future. It is specifically reflected in the following aspects:

- (i) Proactive optimization of business structure and exit from inefficient sectors. Committed to sound operations, the Group proactively scaled back inefficient businesses, including new energy complete vehicles and tires in the transportation sector, traditional home building materials businesses dragged down by the real estate cycle, and highly volatile feed businesses in the agricultural production materials sector. These proactive adjustments constituted the main reason for the periodic decline in the Group's revenue.

Management Discussion and Analysis

- (ii) Improved profit quality against the market trend with remarkable results from structural adjustment. Although revenue scale decreased, the gross profit of the Group's commerce business reached RMB1.72 billion, representing a year-on-year increase of nearly 5%; the gross profit margin of the commerce business rose to 3.3%, representing a year-on-year increase of over 18%. The "decline in revenue and rise in profitability" fully validated the positive effects of the proactive business restructuring.
- (iii) Deepened cooperation with leading brands and continuously enhanced supply chain bargaining power. The Group continued to strengthen strategic cooperation with leading brand manufacturers such as Apple, Shandong Ruixing, Ningxia Lanfeng, etc. The procurement proportion from leading brands steadily increased to over 50%, further consolidating the supply chain foundation and providing strong support for the improvement of gross profit margin.
- (iv) Expanded private brand portfolio and increased contribution from high-margin businesses. During the Reporting Period, the Group's self-owned brands revenue exceeded RMB140 million, up 37% year-on-year, with a gross profit margin of over 40%. Among them, brands such as "Peach Blossom (桃花潭)", "Forbidden City (故宫)" and "IDISSA (阿爾蒂沙)" gained wide recognition in the lower-tier markets, and self-owned brands have become an important engine driving the improvement of gross profit margin.

Overall, the Group's proactive strategic transformation has yielded initial results. Although the overall revenue scale decreased, profit quality and core capabilities have been comprehensively enhanced. With the continuous optimization of business structure, deepened cooperation with leading brands, expanded development of self-owned brands and new businesses, the Group is steadily advancing into a new stage of high-quality development.

Service Business

	Year ended December 31,		Year-on-year change
	2025 RMB'000	2024 RMB'000	
Service Business:			
Subscription services	421,000	510,851	(17.6%)
Digital products	314,846	510,851	(38.4%)
AI products and services	106,154	—	—
Merchant solutions	132,252	99,623	32.8%
Total Income for Service Business	553,252	610,474	(9.4%)

Management Discussion and Analysis

Revenue from the service business of the Group was mainly from subscription services and merchant solutions. Among these, revenue from subscription services includes revenue from digital products and AI products and services.

- (i) The decrease of revenue from digital products was primarily due to the fact that the Group actively promoted the transformation from SaaS to AI empowerment, and made some SaaS functions free of charge to lower the threshold for member stores to accelerate user coverage. During the Reporting Period, the total number of subscribers increased to 116 thousand, representing a year-on-year increase of 7.5%, which cultivated scenarios for large-scale application of AI products.
- (ii) In the same period, revenue from AI products and services recorded breakthrough growth, achieving RMB106.2 million, accounting for nearly 20% of total service revenue, mainly benefiting from the Group's further implementation of the ALL in AI strategy. AI products and services precisely addressed the operational challenges of physical stores by leveraging the diverse application scenarios in the lower-tier markets, achieving significant commercialization results.
- (iii) Revenue from merchant solutions increased by 32.8% from RMB99.6 million in 2024 to RMB132.3 million in 2025, mainly attributable to the Group advancing its key client strategy and enhancing digital solutions for major customers such as brand owners and chain enterprises. Its customer base expanded from offline stores to online e-commerce merchants, driving rapid growth in revenue from merchant solutions.

Cost of Revenue, Gross Profit and Gross Profit Margin

The Group's cost of revenue decreased by 13.5% from RMB57,750.4 million in 2024 to RMB49,965.9 million in 2025, which is in line with the change of revenue. The gross profit increased by 1.0% from RMB2,308.9 million in 2024 to RMB2,331.5 million in 2025. The Group's gross profit margin increased from 3.8% in 2024 to 4.5% in 2025, representing a year-on-year increase of 0.7 percentage points, or 18%. Such increase was mainly attributable to the Group's proactive optimisation of its business structure, with resources increasingly allocated to higher-margin product categories, as well as the deepening of strategic cooperation with leading brands which further enhanced supply chain capabilities, coupled with the initial results achieved from the establishment of the Group's self-owned brand portfolio. These factors collectively drove a significant improvement in the Group's gross profit margin.

Management Discussion and Analysis

Selling and Marketing Expenses

	Year ended December 31,				
	2025	As a percentage of revenue	2024	As a percentage of revenue	Year-on-year change
	<i>RMB'000</i>		<i>RMB'000</i>		
Selling and Marketing Expenses	962,171	1.8%	1,075,414	1.8%	(10.5%)

Selling and marketing expenses primarily consist of advertising expenses, promotion service fees and employee salaries. Selling and marketing expenses decreased by 10.5% from RMB1,075.4 million in 2024 to RMB962.2 million in 2025, which was mainly attributable to the Group's continuous efforts to enhance refined operations, as well as the steady improvement in sales and marketing efficiency achieved through optimizing resource allocation and strengthening expense control.

Administrative and Other Operating Expenses

	Year ended December 31,				
	2025	As a percentage of revenue	2024	As a percentage of revenue	Year-on-year change
	<i>RMB'000</i>		<i>RMB'000</i>		
Administrative and Other Operating Expenses	328,065	0.6%	364,328	0.6%	(10.0%)

Administrative and other operating expenses primarily consist of employee salaries, depreciation expenses and consultation service fees. Administrative and other operating expenses decreased by 10.0% from RMB364.3 million in 2024 to RMB328.1 million in 2025, mainly benefiting from the Group's continuous promotion of cost reduction and efficiency improvement, leading to a significant improvement in organizational efficiency.

Management Discussion and Analysis

Research and Development (“R&D”) Costs

	Year ended December 31,		
	2025 RMB'000	2024 RMB'000	Year-on- year change
R&D Costs	59,794	67,066	(10.8%)

R&D costs mainly include labor costs, depreciation and amortization and others. R&D costs decreased by 10.8% from RMB67.1 million in 2024 to RMB59.8 million in 2025, mainly due to the Group’s continuous improvement in R&D efficiency. On the one hand, based on years of technological accumulation, the R&D reusability rate has increased significantly. On the other hand, the deep integration of AI technology into the entire R&D process has greatly enhanced R&D efficiency. Meanwhile, the Group’s comprehensive full-stack AI cooperation with Alibaba Cloud has effectively integrated external technical resources. While maintaining the intensity of technological investment in key areas, the Group has continuously unlocked the efficiency of R&D input and output.

Impairment Loss on Trade and Other Receivables

The impairment loss on trade and other receivables increased by 19.5% from RMB304.7 million in 2024 to RMB364.3 million in 2025, which was mainly due to the Group’s increased provision for expected credit losses on certain receivables with longer aging.

Other Revenue

Other revenue decreased by 29.3% from RMB43.2 million in 2024 to RMB30.5 million in 2025, mainly due to the decrease in government grants.

Other Net Gains

Other net gains decreased by 22.8% from RMB57.4 million in 2024 to RMB44.3 million in 2025, primarily due to a decline in income from wealth management products affected by the downward trend of market interest rates.

Net Finance Costs

Net finance costs increased by 4.5% from a net expense of RMB78.2 million in 2024 to a net expense of RMB81.7 million in 2025, mainly due to a decrease in interest income affected by the downward trend of market interest rates.

Management Discussion and Analysis

Income Tax

Income tax increased by 39.8% from RMB57.5 million in 2024 to RMB80.4 million in 2025. The increase in income tax expense in 2025 was primarily due to the increase in profit before tax as compared to last year.

The consolidated tax rate based on profit before tax was 13.2%, representing a slight increase from 11.1% as compared to last year.

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

Net Profit

Net profit increased by 14.6% from RMB461.8 million in 2024 to RMB529.4 million in 2025, which was mainly driven by the Company's continued improvement in profitability, with net profit margin rising to over 1%, representing a year-on-year increase of 32%.

Profit Attributable to Equity Shareholders of the Company

The profit attributable to equity shareholders of the Company of RMB269.7 million and RMB300.3 million were recorded for 2024 and 2025, respectively.

Cash and Cash Equivalents

As of December 31, 2024 and as of December 31, 2025, the cash and cash equivalents amounted to RMB2,781.3 million and RMB2,543.2 million, respectively. The Group has sufficient working capital for operating requirements.

Inventories

As of December 31, 2024 and as of December 31, 2025, the inventories amounted to RMB2,032.7 million and RMB1,886.2 million, respectively, showing a decrease in inventory value.

Inventory turnover days were 15 days in 2024 and 14 days in 2025, respectively.

Prepayments, Deposits and Other Receivables

As at December 31, 2024 and December 31, 2025, the prepayments, deposits and other receivables amounted to RMB9,056.3 million and RMB10,018.6 million, respectively, representing an increase of 10.6% over the last year.



Management Discussion and Analysis

Trade and Bills Payables

As at December 31, 2024 and December 31, 2025, the trade and bills payables were RMB14,636.8 million and RMB16,598.6 million, respectively, representing an increase of 13.4%.

The trade and bills payables turnover days were 95 days in 2024 and 114 days in 2025, respectively.

Capital Expenditures

The capital expenditures for 2025 and 2024 were RMB28.2 million and RMB27.9 million, respectively, which were used primarily for acquisition of properties and equipment.

EMPLOYEES AND REMUNERATION POLICY

As at December 31, 2024 and December 31, 2025, the Group had employed a total of 3,845 and 3,493 employees, respectively. The Group hires and promotes its staff based on their individual on-the-job performance and development potential. The remuneration package of all the employees depends on their performance and market salary levels.

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

Acquisition of the Relevant Shares of Jin Tong Ling

On September 5, 2025, the Company entered into the Restructuring Investment Agreement with Jin Tong Ling and the Provisional Administrators, pursuant to which the Company intended to acquire 25% shares of Jin Tong Ling (i.e. 710,511,267 shares) at a consideration of RMB994,431,569.29. The Restructuring Plan (draft) of Jin Tong Ling was approved by vote at the creditors' meeting convened by Jin Tong Ling on February 2, 2026, and was approved by the court in accordance with the laws on February 3, 2026 and has come into effect. On February 13, 2026, the court ruled to conclude the restructuring procedure of Jin Tong Ling in accordance with the laws, and Jin Tong Ling has completed the necessary transfer procedures to register 25% of its shares into the securities account designated by the Company. Upon completion of the acquisition, the Company holds 25% shares of Jin Tong Ling, becoming the largest shareholder of Jin Tong Ling. For further details regarding the above acquisition, please refer to the announcements of the Company dated September 5, 2025, February 3, 2026 and February 13, 2026.

Acquisition of the Relevant Equity Interest in Boundary

On November 18, 2025, the Company entered into the equity acquisition agreement with Boundary and its founders Mr. Liu Haopu and Mr. Deng Wei. Pursuant to the agreement, the Company conditionally agreed to acquire, and Mr. Liu Haopu (as transferor) conditionally agreed to dispose of, 57% equity interest in Boundary at a consideration of RMB456 million. The above Acquisition was completed on November 29, 2025. Upon completion of the acquisition, Boundary became a subsidiary of the Company, and the financial results of it were consolidated into the financial statements of the Group. Boundary is an intelligent technology company focusing on e-commerce and retail enterprises, providing full-stack services covering "AI products" and "digital-intelligent solutions". Through the comprehensive integration of its technologies, commodities, operations, data and other resources, the Group has further enhanced its AI service capabilities and core competitiveness, and accelerated the construction of full-stack AI capabilities. For further details regarding the above acquisition, please refer to the announcements of the Company dated November 18, 2025 and December 9, 2025.

Management Discussion and Analysis

Saved as disclosed above, for the year ended December 31, 2025, the Group did not hold any significant investments (including any investments in investee company(ies) representing 5% or more of the Group's total assets as at December 31, 2025) or have any material acquisitions or disposal of subsidiaries, associates and joint ventures.

PLEDGE OF ASSETS

As of December 31, 2025, inventories of RMB26.7 million (2024: RMB141.8 million) were pledged as security for issuance of bills payable, bank loans and other borrowings.

As of December 31, 2025, prepayments of RMB3.6 million (2024: RMB33.4 million) were pledged as security for bank loans and other borrowings.

As of December 31, 2025, the pledged deposits for the issuance of bills payable, letters of guarantee and bank loans amounted to RMB7,289.7 million (2024: RMB5,235.0 million).

As of December 31, 2025, structured deposits and wealth management products of RMB1,883.0 million (2024: RMB1,627.0 million) were used as a pledge for the issuance of bills payable.

LIQUIDITY AND CAPITAL RESOURCES

The Group finances its working capital and other capital requirements principally with bank loans and other borrowings and cash generated from operating activities. As at December 31, 2025, the Group's cash and cash equivalents were RMB2,543.2 million, as compared to RMB2,781.3 million as at December 31, 2024.

THE GROUP'S PLANS TO MAKE MATERIAL INVESTMENTS OR ACQUIRE CAPITAL ASSET IN THE FUTURE

Save as disclosed in this annual report, as of December 31, 2025, the Group had no specific plans for material investments or acquisitions of capital assets.

GEARING RATIO

As of December 31, 2025, the gearing ratio of the Group was 6.6%. The gearing ratio is calculated based on total debts divided by the total amount of equity. Total debts include bank loans and other borrowings, loans from non-controlling shareholders of subsidiaries and lease liabilities.

The Directors believe that the Group's gearing ratio is within the normal range, which will promote the enhancement of business vitality and the further exploration of the market.

RISK OF EXCHANGE RATE FLUCTUATIONS AND ANY RELATED HEDGING

The Group mainly operates in the PRC and its transactions are mainly settled in RMB, therefore, the business of the Group is not subject to any material foreign exchange risk and does not enter into any hedging contracts.

The Group will continue to monitor changes in foreign exchange in an effort to maintain its cash value.

CONTINGENT LIABILITIES

As at December 31, 2025, the Group did not have any material contingent liabilities.

DIRECTORS AND SENIOR MANAGEMENT

OVERVIEW

The Board currently consists of eight Directors, comprising three executive Directors, two non-executive Directors and three independent non-executive Directors. The Board is responsible, and has the general authority for, the management and operation of the Company. The Directors are appointed for a term of three years and are eligible for re-election upon expiry of their term of office. Independent non-executive Directors shall not hold office for more than six consecutive years.

The proposed abolishment of the Board of Supervisors has been considered and approved at the second extraordinary general meeting of 2025 held on December 19, 2025. Accordingly, from the same date, the Company would no longer have the Board of Supervisors, and the functions and powers of the Board of Supervisors shall be exercised by the Audit Committee.

The senior management is responsible for the management of day-to-day operations of the Company.

BIOGRAPHICAL DETAILS OF DIRECTORS AND SENIOR MANAGEMENT

Chairman of the Board and Non-executive Director

Mr. WANG Jianguo, aged 65, is the founder of the Group and has been the chairman of the Board and a non-executive Director since November 2015. He is mainly responsible for presiding over the decision-making of external affairs and strategic development of the Group.

Mr. Wang has over 20 years of experience in retail business and corporate management. He worked at the Department of Commerce of Jiangsu Province (江蘇省商業廳) from July 1981 to April 1993 and served as the general manager of Jiangsu Wujiaohua Corporation (江蘇省五金交電化工總公司), a state-owned company mainly engaged in the sales of home appliances, where he was primarily responsible for its overall management from April 1993 to June 2002. He served as the chairman and the president of Jiangsu Five Star Appliance Co., Ltd. ("**Five Star Appliance**") (江蘇五星電器有限公司), a company engaged in the sales of household appliance, from December 1998 to February 2009 and Mr. Wang has not held any direct or indirect equity interest in Five Star Appliance since February 2009. Mr. Wang has been the chairman of the board of directors of Five Star Holdings Group Co., Ltd. ("**Five Star Holdings**") since February 2009.

Mr. Wang serves as the chairman of the board of directors of Kidswant Children Products Co., Ltd. (孩子王兒童用品股份有限公司), a company engaged in the sales and service of maternal and children products which is listed on the ChiNext, stock code: 301078) since June 2012. He also serves as an independent non-executive director at Honma Golf Limited (本間高爾夫有限公司), a company listed on the Hong Kong Stock Exchange (stock code: 6858), Simcere Pharmaceutical Group Limited (先聲藥業集團有限公司), a company listed on the Hong Kong Stock Exchange (stock code: 2096), since September 2016 and November 2019, respectively and has served as the chairman and acting board secretary of Jin Tong Ling since April 2026.

Directors and Senior Management

Mr. Wang obtained a master's degree in business management from the Australian National University upon completion of the executive master of business administration (“EMBA”) programme in July 2004. He completed all the requirements prescribed by Shanghai Advanced Institute of Finance for the DBA (Doctor of Business Administration) in Global Finance Program (上海高級金融學院全球金融 DBA 項目) in July 2018. He also obtained a Ph.D. in Business Administration in Global Finance from Arizona State University, U.S.A. in May 2018.

Mr. Wang has been the vice chairman of Jiangsu General Chamber of Commerce since December 2014. He was awarded the Service Industry Professional Special Contribution Award (服務業專業人才特別貢獻獎) by Jiangsu Provincial People's Government in October 2014. He was also granted the Outstanding Achievement Award by the China Chain Store & Franchise Association (中國連鎖業成就獎) in November 2012. He was elected as the Model Worker of the National Business System (全國商務系統勞動模範) by the Ministry of Personnel and the Ministry of Commerce of the PRC in 2007.

Executive Directors

Mr. XU Xiuxian, aged 62, is the co-founder of the Group and has been an executive Director and the chief executive officer of the Company since its inception. He is mainly responsible for leading the business development of the Group and presiding over the decision-making and execution of the major business, development and investment plans.

Mr. Xu has more than 20 years of experience in retail business and corporate management. Mr. Xu served as the section chief of the Consumer Price Office of the Department of Commerce of Jiangsu Province (江蘇省商業廳物價處), the manager of Jiangsu Wujiaohua Corporation (江蘇省五金交電化工總公司), where he was responsible for the air-conditioning business from March 1993 to November 1998, the general manager of Jiangsu Xingpu Technology Trading Co., Ltd. (江蘇星普科技貿易有限公司), a home appliance trading company, where he was primarily responsible for its overall operation and management from November 1998 to December 2004, and an executive vice president of Five Star Appliance from December 2004 to March 2009; since November 2025, he has served as the chairman of Boundary.

Mr. Xu graduated from Hangzhou Business School (杭州商學院) (currently known as Zhejiang Gongshang University (浙江工商大學)) in the PRC with a bachelor's degree in Business and Enterprise Management in July 1983. He subsequently completed postgraduate courses in global economy at the school of economics of Fudan University (復旦大學) in Shanghai, the PRC in June 2000 and obtained a master's degree in EMBA at Cheung Kong Graduate School of Business (長江商學院) in Beijing, the PRC in September 2011.

Mr. Xu was recognized for his excellence in leadership and obtained the award of National Trade and Circulation Services Model Workers and Advanced Workers (全國商貿流通服務業勞動模範和先進工作者) in September 2015, and won the 2018 China Electronic Appliances Service Association Outstanding President Award (中國家電服務業省市同業行協會優秀會長) in January 2019, and was also named one of the China Industrial Internet TOP 10 Leaders 2019 (中國產業互聯網十大領軍人物) in July 2019 and obtained the China Electrical Appliances Industry Outstanding Leader Award 2019 (中國家電行業卓越領袖獎) in October 2019.

Directors and Senior Management

Mr. ZHAO Liangsheng, aged 51, has been an executive Director since May 2021. He has been a vice president and chief financial officer of the Company since January 2013, during which he also served as the secretary to the Board of the Company from January 2013 to September 2023, a director of Boundary since November 19, 2025 and vice chairman of Jin Tong Ling since April 2026. Mr. Zhao is primarily responsible for overseeing the Group's financial affairs.

Mr. Zhao has more than 20 years of experience in financial management. Mr. Zhao served as a project manager of Jiangsu Tianheng Certified Public Accountants Co., Ltd. (江蘇天衡會計師事務所有限公司) (currently known as Talent Certified Public Accountants (Special General Partnership) (天衡會計師事務所(特殊普通合夥)) from July 1998 to April 2004, a financial director in Zhejiang Yulong Industrial Co., Ltd. (浙江裕隆實業股份有限公司), where he was primarily responsible for the overall financial management, from May 2004 to September 2005, an audit manager in Zhengda Tianqing Pharmaceutical Group Co., Ltd. (正大天晴藥業集團股份有限公司), where he was primarily responsible for the internal auditing, from October 2005 to December 2007, a deputy general manager of Nanjing Shangde Investment Management Co., Ltd. (南京上德投資管理有限公司) from 2007 to 2009 and the chief financial officer of Five Star Holdings from 2009 to 2012.

Mr. Zhao has been a certified public accountant conferred by Certified Accounting Examination Committee of the Ministry of Finance (財政部註冊會計考試委員會) since June 2001. Mr. Zhao obtained his bachelor's degree in business management (accounting) from Southeast University (東南大學) in Nanjing, the PRC in June 1998.

Mr. SUN Chao, aged 38, has been an executive Director since February 2023, and has been a vice president of the Company since July 2015 and is primarily responsible for assisting the president of the Company while operating and managing the Group and the member stores. Mr. Sun holds directorship or managerial positions at several subsidiaries within the Group, including the chairman of the board of directors of Jiangsu Wokewang Information Technology Co., Ltd (江蘇我可網信息科技有限公司) from April 2018 to January 2023, a general manager of Huitong Datatech Smart Technology Co., Ltd. (匯通數科智能科技有限公司) since September 2019 and an executive director and a general manager of Nanjing Shumei Network Technology Co., Ltd. (南京市數美網絡科技有限公司) (currently known as Nanjing Shumei Health Technology Co., Ltd. (南京數美健康科技有限公司)) from January 2020 to September 2024. Prior to joining the Group, he served as a project team member and a general manager of Haier mall of Haier Group E-commerce Co., Ltd. (海爾集團電子商務有限公司), where he was primarily responsible for the operation of Haier e-commerce platform from May 2009 to November 2010 and from November 2010 to July 2015, respectively.

Mr. Sun obtained a bachelor's degree in management in e-commerce from Shandong University of Science and Technology (山東科技大學) in the PRC in June 2010, and a master's degree in business administration from Fudan University (復旦大學) in the PRC in January 2020. Mr. Sun received the Prize of CTOA Most Influential Technological Leadership (CTOA 最具領導力技術領袖獎) and was nominated for the Nanjing High-level Talents 2019 (南京市高層次人才) in January 2019; was awarded the Prize of CTDC Internet Industry Technological Leadership Outstanding Figures 2018 (CTDC互聯網行業技術領導力風雲人物獎); and won the first place in National Internet Commerce Innovative Application Competition 2009 (全國網絡商務創新應用大賽) in May 2009.

Directors and Senior Management

Non-executive Director (excluding the Chairman of the Board)

Mr. CAI Zhongqiu, aged 55, has been a non-executive Director since May 2021 and is primarily responsible for participating in evaluation and approval of business plans, strategies and major decisions of the Group through the Board. Mr. Cai served as the investment director of SDIC Chuangyi Industry Fund Management Co., Ltd. (國投創益產業基金管理有限公司) from August 2016 to August 2018, the executive director of SDIC Chuangyi Industrial Fund Management Co., Ltd. from August 2018 to December 2024 and the deputy general manager of SDIC Chuangyi Industrial Fund Management Co., Ltd. since December 2024.

Mr. Cai has extensive experience in equity investment and corporate management. Mr. Cai obtained a doctoral degree in management engineering from the China University of Mining and Technology (Beijing) (中國礦業大學北京分校) in June 2011.

Independent Non-executive Directors

Ms. YU Lixin, aged 60, has been an independent non-executive Director since June 2022. Ms. Yu has been serving as the managing partner of Talent Certified Public Accountants (Special General Partnership) since November 2013; an independent director of Gstarsoft Co., Ltd. (蘇州浩辰軟件股份有限公司) (a company listed on the STAR Market of the PRC (stock code: 688657)) since November 2020; an independent director of Jinling Hotel Corporation, Ltd. (金陵飯店股份有限公司) (a company listed on the Shanghai Stock Exchange (stock code: 601007)) since June 2022; and an independent director of Fujian Haiqin Energy Group Co., Ltd, a company listed on the Shanghai Stock Exchange (stock code: 600753) since July 2024.

From August 1987 to November 2013, Ms. Yu successively served as an audit assistant, project manager, department manager and deputy general manager of Jiangsu Accounting Firm (currently known as Talent Certified Public Accountants (Special General Partnership)). From October 2018 to March 2022, Ms. Yu served as an independent director of Jiangsu Hualan New Pharmaceutical Materials Co., Ltd. (江蘇華蘭藥用新材料股份有限公司) (a company listed on the ChiNext Board of the PRC (stock code: 301093)); an independent director of Efful Science and Technology Co., Ltd. from June 2019 to April 2022; and an independent director of Wuxi DK Electronic Materials Co., Ltd. (a company listed on the ChiNext Board of the PRC (stock code: 300842)) from April 2018 to May 2023.

Ms. Yu graduated from Soochow University with a bachelor's degree in economics in July 1987. She was accredited as a Chinese Certified Public Accountant by the Chinese Institute of Certified Public Accountants in October 1992.

Mr. LIU Xiangdong, aged 59, has been an independent non-executive Director since May 2021. He is responsible for supervising and providing independent advice to the Board.

Mr. Liu has been working in Renmin University of China (中國人民大學) with his current position as a professor. He was also an independent non-executive director of Shanghai Laiyifen Co., Ltd. (上海來伊份股份有限公司), a company listed on the Shanghai Stock Exchange (stock code: 603777) from November 2016 to November 2022.

Mr. Liu has obtained his bachelor's degree, master's degree and doctorate degree in economics from Renmin University of China in July 1988, July 1991 and June 2002 respectively.

Directors and Senior Management

Mr. DIAO Yang, aged 52, has been an independent non-executive Director since November 2023. Mr. DIAO Yang has over 19 years of experience in corporate finance and has deep insights and opinions of China's technology, media and communications and consumer goods industries. Mr. Diao founded Paradigm Advisors Holdings (Hong Kong) Limited (騰達資本顧問有限公司) in November 2016 and has been serving as its director since then. He has been the co-founder of Parantoux Capital Limited (藍藤資本有限公司) since March 2016. From October 2014 to April 2016, he worked as a managing director of the investment banking department of China Renaissance Securities (Hong Kong) Limited. He worked at J.P. Morgan Securities (Asia Pacific) Limited from May 2006 to October 2014, where his last position was a managing director at the global investment banking department. He worked as an associate at Morgan Stanley Asia Limited from July 2005 to April 2006. Since April 2022, Mr. Diao has served as an independent non-executive director in Tian Tu Capital Co., Ltd. (深圳市天圖投資管理股份有限公司), a company listed on the Hong Kong Stock Exchange (stock code: 1973) and the National Equities Exchange and Quotations (stock code: 833979.NQ).

Mr. Diao obtained his bachelor's degree in economics from Connecticut College in the United States in May 1997, and obtained his master's degree of business administration from Columbia Business School in the United States in May 2001.

Senior Management

Mr. XU Xiuxian. Please refer to “—Directors and Senior Management – Executive Directors” for details.

Mr. YANG Pan, aged 42, has served as vice president since May 2025 and has concurrently held the position of chief operating officer since January 2026. He joined the Company in July 2016 and served as deputy general manager of Hunan Branch, general manager of Hunan Branch and Jiangxi Branch from January 2017 to December 2022, mainly responsible for sales management in the Hunan and Jiangxi regions. Since January 2023, he has served as director of Operations Office of the branch of the Company and chief executive director of the Business Department of the subsidiary. Since 24 October 2025, he has served as an executive director of Jiangsu 511 Retail Chain Management Co., Ltd. (江蘇伍壹壹商業連鎖管理有限公司).

From July 2006 to September 2013, Mr. Yang served as the general manager of the branch of Midea Group (an enterprise mainly engaged in the manufacture of general equipment), where he was mainly responsible for sales management in the household appliances sector. From September 2013 to July 2016, he served as the general manager of Hunan Huandian Marketing Center of Gree Electric Appliances (格力電器湖南環電營銷中心) (an international household appliance enterprise integrating R&D, production, sales and service), where he was mainly responsible for marketing and channel development.

Mr. Yang graduated from Lanzhou University of Finance and Economics in Gansu, the PRC with a bachelor's degree in marketing in July 2006.

Mr. ZHAO Liangsheng. Please refer to “—Directors and Senior Management – Executive Directors” for details.

Directors and Senior Management

Mr. XING Jianhong, aged 55, has been a vice president of the Company since January 2015 and is primarily responsible for assisting the president of our Company with operation and management of our Group and the consumer electronics business. Mr. Xing currently holds directorship or managerial positions at several subsidiaries within our Group, including a director of Wanhulian New Energy Technology Co., Ltd. (萬戶聯新能源科技有限公司) since July 2017, a general manager of Yifantong Network Technology Co., Ltd. (億凡通網絡科技有限責任公司) since October 2019, a general manager of Jiangsu Xinglihui Network Technology Co., Ltd. (江蘇星立暉網絡科技有限公司) from December 2019 to June 2022, and an executive director of Tianjin Huayifan Network Technology Co., Ltd. (天津華億凡網絡科技有限公司) since December 2019.

Mr. Xing served as a deputy director of the procurement division, a branch general manager and the director of the development division of Five Star Appliance from December 1998 to December 2012 and a regional general manager of Shanghai Red Star Macalline Enterprise Development Co., Ltd. (上海紅星美凱龍企業發展有限公司), a homebuilding and renovation materials sales company, where he was primarily responsible for the development and operation of commercial properties from January 2013 to December 2014.

Mr. Xing completed postgraduate courses in corporate planning and corporate development at Nanjing University, the PRC in September 2004.

Mr. SUN Chao. Please refer to “—Directors and Senior Management – Executive Directors” for details.

Mr. MAO Yijun, aged 43, has served as vice president since May 2025. He joined the Group in April 2015 and served as the director of the human resources and administration center of the Company from November 2019 to January 2025, and was responsible for the organization, talent acquisition and management, work incentive and cultural affairs of our Company. From May 2021 to May 2025, he served as a Supervisor. He has served as the assistant to the president of the Company since January 2023 and is responsible for assisting the president of the Company with operation and management of the Group. He has also served as the chief executive director of the Company’s supply chain division since January 2025.

Mr. Mao worked in Suning Electric Co., Ltd. (蘇寧電器股份有限公司), a company principally operating franchised retail shops of electronics appliances in China, where he was primarily responsible for the production and marketing, from October 2009 to August 2012; and the manager of key customer division of Nanjing Skyworth Household Appliances Co., Ltd. (南京創維家用電器有限公司), a company principally engaged in the R&D and production of household appliances, where he was primarily responsible for the domestic e-commerce business of refrigerators and washing machines of Skyworth, from September 2012 to March 2015.

Mr. Mao graduated from the Northwestern Polytechnical University (西北工業大學) in Xi’an, the PRC with a bachelor’s degree in Software Engineering in July 2004.

Ms. SHEN Chunmei, aged 42, has been the vice president and co-chief financial officer of the Company since February 2025. She has over 15 years of professional experience in capital markets, investor relations management, IPO, fundraising, merger and acquisition, strategic consulting and international financial media of companies listed in Hong Kong and the United States, as well as internationally renowned strategic consulting firms.

Directors and Senior Management

Prior to joining the Company, Ms. Shen served as the chief financial officer of an American medical device company. From 2020 to early 2024, Ms. Shen was an executive director and the vice president of China New Higher Education Group Limited, a company listed on the Hong Kong Stock Exchange (stock code: 2001), where she took up the overall responsibility of its Hong Kong capital market related affairs. From 2018 to 2020, Ms. Shen was the director of corporate finance and investor relations of TCL Electronics Holdings Limited, a company listed on the Hong Kong Stock Exchange (stock code: 1070), where she took up the overall responsibility of its capital market related affairs. From 2016 to 2018, Ms. Shen was the head of the group strategic communications department of Grab Holdings Inc., a multinational company offering ride-hailing transport services and payment solutions based in Singapore and listed on the NASDAQ Stock Exchange (stock code: GRAB), during which she participated in and assisted with its series-G financing of USD2.5 billion which was the largest single financing transaction in the history of Southeast Asia at that time. From 2015 to 2016, Ms. Shen was the investor relations director of Xinyuan Real Estate Co., Ltd., a top 100 real estate company in China and listed on the New York Stock Exchange (stock code: XIN). From 2012 to 2015, Ms. Shen was a director at FTI Consulting, one of the largest financial consulting firms in the world and headquartered in the United States (listed on the New York Stock Exchange (stock code: FCN)), leading a team and in charge of projects relating to initial public offering and investor relations strategy consulting of Chinese companies seeking a listing in Hong Kong and the United States. In 2014, she led the team to win the Sabre Awards (Global Campaign of the Year), the Global Financial Public Relations Award. From 2009 to 2012, Ms. Shen was the investor relations manager at Feihe International, Inc. (now known as China Feihe Limited, a company listed on the Hong Kong Stock Exchange (stock code: 6186)).

Ms. Shen received her bachelor's degree with honors from University of Leeds in the United Kingdom in 2005. She also received her master's degree in business administration from University of Aberdeen in the United Kingdom in 2006.

REPORT OF THE BOARD

The Board is pleased to present its report together with the audited consolidated financial statements of the Group for the year ended December 31, 2025.

BUSINESS

Principal Activities

The Company is a leading industrial internet company in China, dedicated to empowering the township family-run stores through digital technologies and supply chain capabilities.

Results of Operations

The results of the Group for the year ended December 31, 2025 are set out in the consolidated statement of profit or loss in this annual report.

Business Review

An objective review of the Group's business, including an analysis of the Group's financial performance, and indicators of the likely future development of the Group's business, is set out in the "Chairman's Statement" and "Management Discussion and Analysis" sections of this annual report. These discussions form part of the Report of the Board.

FUTURE PROSPECT

The future prospect of the Group is set out in the section headed "Chairman's Statement" in this annual report, which forms the part of this Report of the Board.

DIVIDEND POLICY AND FINAL DIVIDEND

The Company is a joint stock limited company incorporated under the laws of the People's Republic of China. Pursuant to the Articles of Association, the Company may apply cash or by way of shares to distribute dividends. Any distribution of dividends shall be formulated a distribution plan by the Board and subject to consideration and approval on general meeting of the Company. Any distribution of dividends paid by the Company shall be determined by the Board with absolute discretion on various factors, including actual operation results, cash flows, financial position, expected working capital needed in the future and business expansion plan, laws, regulations and other contracts restrictions, as well as other factors that the Board may consider appropriate.

Pursuant to the relevant provisions of the Company Law of the People's Republic of China and the Articles of Association relating to the distribution of profits, the Board does not recommend the payment of final dividend for the year ended December 31, 2025 (2024: nil).

To consolidate the competitiveness of its core businesses and seize opportunities in emerging sectors, the Board has prudently decided to prioritize capital deployment into higher-return business transformation, with a view to creating greater long-term value for Shareholders in the future. Meanwhile, the Company will flexibly adopt tools such as share repurchases based on market conditions to reward Shareholders' trust.

Report of the Board

MAJOR RISKS AND UNCERTAINTIES

We are subject to the following major risks and uncertainties:

- If we fail to retain existing customers or attract new customers, or if our customers decrease their level of business resulting in lower revenue contribution, our financial condition and business operations may be materially and adversely affected.
- Our commerce business relies on the lower-tier market's demand for the merchandise we offer. A material change in consumer demand or preferences, or any unexpected situation with a negative impact on market demand may materially and adversely affect our business and results of operations.
- Our inability to maintain stable relationships with our suppliers, or failure to secure alternative suppliers, could have a material and adverse effect on our business and financial condition.
- If we are unable to provide satisfactory customer services, our business and reputation may be materially and adversely affected.
- Any delivery delay, improper handling of goods or increase in transportation costs of our logistic service providers could adversely affect our business and results of operations.

As the major risks and uncertainties mentioned above are not exhaustive, please refer to the section headed "Risk Factors" in the Prospectus for detailed information.

ENVIRONMENTAL POLICY AND PERFORMANCE

The Group is not exposed to significant environmental risks. During the Reporting Period, no fines or other penalties were imposed on the Group for non-compliance with environmental regulations.

Details of the Group's environmental policy and performance are set out in the Company's environmental, social and governance report (the "ESG Report") published on the websites of the Hong Kong Stock Exchange and the Company in due course.

RELATIONSHIP WITH STAKEHOLDERS

Employees

As of December 31, 2025, the Group had a total of 3,493 full-time employees. The Group also uses some third-party labor outsourcing and labor dispatch services, but most of the employees are directly employed by us. The vast majority of our employees are based in China, mainly in Nanjing, where our headquarter is located, and other cities, where our branches are located.

Report of the Board

The Group emphasizes employee diversity, including but not limited to gender, age, educational background, socio-economic background, work experience, etc. The Group provides an inclusive work environment that embraces diversity such as the strengths of individuals, and seeks to provide opportunities to unleash their full potential. As of December 31, 2025, among the above 3,493 employees (including senior management), approximately 51.02% were male and 48.98% were female. The Group recognizes the benefits of having diverse employees and aims to maintain and promote employee diversification (especially gender diversification) whenever practicable. The Group is committed to promoting diversified development to build a sustainable workforce that creates a broader positive impact on society. The Group is not aware of any factors or circumstances that would make gender diversity among all employees more challenging or undermine its relevance.

The Group's success depends on attracting, retaining and motivating qualified personnel. The Group adopts strict and high-standard recruitment procedures to ensure the quality of new recruits. The Group adopts a variety of recruitment methods (including campus recruitment, online recruitment, internal recommendation and recruitment through headhunting companies or agencies) to meet the demand for different types of talents, and pays competitive salaries in the industry.

The Group provides its employees with a comprehensive training program, which it believes will enable employees to effectively acquire the necessary skills and professional ethics. The Group participates in mandatory employee social security scheme organized by provincial and municipal governments in accordance with PRC laws, including endowment insurance, unemployment insurance, maternity insurance, work-related injury insurance, medical insurance and housing provident fund. The Group and its employees are required to pay a specified percentage of the cost of the social security scheme. The Group is required to contribute directly to the employee social security scheme at a specified percentage of the employees' salaries, bonuses and certain allowances in accordance with PRC laws.

Customers and Suppliers

The Group has a broad customer base, including enterprise customers, channel customers and member stores, as well as individual customers. For the year ended December 31, 2025, the aggregate revenue contribution from the Group's the top five customers (mainly from the "commerce business") out of the Group's total revenue were less than 10% while the aggregate purchase from the top five suppliers out of the Group's total purchases were approximately 32%, among which, the largest supplier accounts for approximately 11%.

During the year ended December 31, 2025, to the knowledge of the Directors, none of the Directors or any of their associates or any Shareholders (which to the knowledge of the Directors own more than 5% of the number of issued Shares (excluding the Treasury Shares (if any))) had an interest in any of the Company's top five customers or suppliers during the Year.

PROPERTY AND EQUIPMENT

During the Reporting Period, details of changes in the Group's property and equipment are set out in Note 11 to the consolidated financial statements of this annual report.

SHARE CAPITAL

Details of movements in the Company's share capital for the year ended December 31, 2025 are set out in Note 36(c) to the consolidated financial statements of this annual report.

Report of the Board

CAPITAL RESERVES AND DISTRIBUTABLE RESERVES

Details of the changes in reserves during the Reporting Period are set out in Note 36(e) to the consolidated financial statements of this annual report. As of December 31, 2025, the distributable reserves of the Company available for distribution amounted to RMB57.5 million (2024: nil).

BANK LOANS AND OTHER BORROWINGS

As at December 31, 2025, the Group's bank loans and other borrowings amounted to RMB558 million, denominated in RMB, mainly at fixed interest rates. Details of bank loans or other borrowings of the Company and the Group for the year ended December 31, 2025 are set out in Note 26 to the consolidated financial statements.

ISSUANCE OF DEBENTURES

During the Reporting Period, no debentures were issued by the Group.

PURCHASE, SALE OR REDEMPTION OF THE COMPANY'S LISTED SECURITIES

During the Reporting Period, the Company repurchased a total of 1,345,700 H Shares on the Hong Kong Stock Exchange at a total consideration of HK\$13,741,946.60 (excluding commissions and other expenses). The H shares repurchased were all held as Treasury Shares. Repurchases are undertaken to benefit the Company and create value for Shareholders. Details of repurchase of H Shares during the Reporting Period are set out below:

Month of Repurchase	Number of Shares Repurchase	Price Per Share		Total Price Paid HK\$
		Highest Price Paid HK\$	Lowest Price Paid HK\$	
November 2025	200,100	10.32	9.88	2,020,420.14
December 2025	1,145,600	10.81	9.70	11,721,526.46
Total	1,345,700			13,741,946.60

As of the end of the Reporting Period, the Company held a total of 1,345,700 Treasury Shares. The Company will subsequently hold, sell or transfer Treasury Shares as needed, or use them for other purposes in compliance with the requirements of the Listing Rules.

Save as disclosed above, during the Reporting Period, neither the Company nor any of its subsidiaries has purchased, sold or redeemed any of the Company's listed securities (including sale of Treasury Shares).

Report of the Board

INITIAL PUBLIC OFFERING OF H SHARES ON THE HONG KONG STOCK EXCHANGE AND USE OF PROCEEDS

On February 18, 2022, the H Shares were listed on the main board of the Hong Kong Stock Exchange. A total of 53,911,800 H Shares with a nominal value of RMB1.00 each were issued under the Global Offering (as defined in the Prospectus, including the issuance of H Shares upon the partial exercise of the over-allotment option as set forth in the Prospectus). The Offer Price was HK\$43.00 per H Share (exclusive of brokerage of 1.0%, SFC transaction levy of 0.0027%, FRC transaction levy of 0.00015% and Hong Kong Stock Exchange trading fee of 0.005%). The gross proceeds from the Global Offering (including the additional gross proceeds from the exercise of over-allotment option amounting to approximately HK\$99.1 million) were approximately HK\$2,318.2 million, and the net proceeds after deducting underwriting fees and other related expenses were approximately HK\$2,185.0 million (equivalent to approximately RMB1,782.3 million) (the **“Proceeds from the Initial Public Offering of H Shares”**).

On November 14, 2023, the resolution in relation to the change in the use of Proceeds from the Initial Public Offering of H Shares was considered and approved at the general meeting of the Company, which mainly related to the adjustment to the amounts of itemized use of Proceeds from the Initial Public Offering of H Shares (the **“Adjusted Use Approved by the General Meeting”**).

On March 27, 2025, the resolution in relation to the further change in the use of Proceeds from the Initial Public Offering of H Shares was considered and approved at the general meeting of the Company (the **“Further Adjusted Use Approved by the General Meeting”**). The balance of the Proceeds from the Initial Public Offering will continue to be used in accordance with the use as disclosed in the Prospectus and the Further Adjusted Use Approved by the General Meeting.

As of December 31, 2025, the Group has accumulatively utilised approximately RMB1,442.0 million of the Proceeds from the Initial Public Offering of H Shares, representing approximately 80.9% of the proceeds, in accordance with the intended use set out in the Prospectus, the Adjusted Use Approved by the General Meeting and Further Adjusted Use Approved by the General Meeting, with the unused portion of the proceeds amounting to approximately RMB340.3 million and being deposited as short term deposits in licensed banks in Hong Kong or the Mainland China.



Report of the Board

As of December 31, 2025, the actual uses, unused amount of the proceeds and their expected timeline are set out as follows:

Use of proceeds	Itemized use	Amount before the change RMB in million	Amount after the first change RMB in million	Unused amount as at January 1, 2025 RMB in million	Total amount after further change RMB in million	Unused amount after further change RMB in million	Used amount during the Reporting Period RMB in million	Unused amount as at December 31, 2025 RMB in million	Expected timeline
For enhancing relationships with our existing customers and further expanding our customer base	Digitalizing our member retail stores and upgrading their storefronts	178.2	28.2	20.7	7.5	0	0	0	-
	Offering solutions to certain wholesalers	178.2	278.2	175.3	102.9	0	0	0	-
	Strategically expanding into northern and southern regions of China where there is great potential for further development	89.1	59.1	44.7	14.4	0	0	0	-
	Expanding client managers team network with more digitalized solutions	89.1	169.1	77.2	91.9	0	0	0	-
For optimizing the capability and efficiency of our supply chain	Increasing spending on joint product R&D with our industry partners, brand licensing and tailored manufacturing	267.4	417.3	150	267.3	0	0	0	-
	Improving the digitalization and automation of order and fulfillment management systems	178.2	88.2	2.7	88.2	2.7	2.7	0	-
For increasing investment in the IT infrastructure of our platform and enhancing SaaS+ business monetization capability	Acquiring IT talents for developing SaaS+ business and merchant solutions	178.2	28.2	4.6	25.6	2.0	2.0	0	-
	Upgrading data infrastructure and enhancing data analysis capabilities	89.1	69.1	17.4	54	2.3	2.3	0	-
	Continuously upgrading transaction and marketplace technology and infrastructure	89.1	59.1	23.3	40.8	5	5	0	-
For selectively pursuing strategic alliances, investments, or acquisitions	Brand manufacturers within each merchandise segment	89.1	149.1	-	417.4	268.3	74	194.3	by December 31, 2026
	Third-party SaaS technology and service providers	89.1	29.1	28.4	0.7	0	0	0	-
	Third-party operators within the industry value chain	89.1	89.1	-	353.4	264.3	118.3	146	by December 31, 2026
As working capital	—	178.2	318.2	92.7	318.2	92.7	92.7	0	-
Total		1,782.3	1,782.3	637.3	1,782.3	637.3	297.0	340.3	

Notes:

- Any discrepancies in the above table between total and sum of amounts listed therein are due to rounding.
- The reason for the postponement of the use of proceeds: as of the end of the Reporting Period, the funds raised by the Company for selectively seeking strategic cooperation, investment or acquisition have not yet been fully used, mainly because part of the underlying transaction consideration is carried out according to the installment payment terms and the follow-up payment has not yet been paid.

Report of the Board

RSU SCHEME

On November 28, 2022, the general meeting of the Company approved and adopted the RSU Scheme. The RSU Scheme involves no issue of new Shares or granting of options for any new securities of the Company and constitutes a share scheme funded by existing Shares for the purpose of the Listing Rules. The principal terms of the RSU Scheme are set out below:

1. Purposes:

- (a) to recognize the contributions made by the eligible persons and provide incentives to them in order to retain them for the continuous operation and development of the Group;
- (b) to attract talents for further development of the Group and enhance competitiveness of such talents; and
- (c) to align the interests of eligible persons to the Group's values, enabling employees to work towards the Group's long-term development goals.

2. Eligible persons:

Eligible persons are persons who the Board or its delegatee consider, in their sole discretion, to have significantly contributed or will significantly contribute to the development of the Group, including employees, Directors (excluding independent non-executive Directors), senior management, and key operating team member of any member of the Group.

3. Maximum number of award available for grant and maximum entitlement of each participant under the RSU Scheme:

The Company shall not make any further grant which will result in the aggregate number of H Shares granted in relation to the RSUs under the RSU Scheme to exceed 5% of the total number of issued H Shares as at the relevant grant date.

There is no specific limit on the maximum entitlement of each participant under the RSU Scheme.

4. Vesting period of the award granted under the RSU Scheme:

The Board or the delegatee may from time to time while the RSU Scheme is in force and subject to all applicable laws, rules, and regulations, determine such vesting criteria and conditions or periods for the award to be vested hereunder.

5. The amount payable upon acceptance of the award:

The grantee is not required to pay any fund to the Company as consideration of the grant.

Report of the Board

6. Validity period of the RSU Scheme:

Subject to the Board's decision to early terminate the RSU Scheme, the RSU Scheme shall be valid for a term of ten (10) years commencing on the adoption date (i.e., November 28, 2022). The remaining term of the RSU Scheme as at the Latest Practicable Date is approximately 6.6 years.

Details of the RSU Scheme were set out in the circular of the Company dated November 11, 2022.

On April 6, 2023, the Company granted an aggregate of 4,842,500 RSUs ("**Phase I Award**"), representing 4,842,500 H Shares, to 494 selected participants pursuant to the RSU Scheme, and the above grant is subject to acceptance by the selected participants. Details of the above grant of RSUs are set out in the announcement of the Company dated April 6, 2023.

On December 27, 2023, the Company granted an aggregate of 4,157,000 RSUs ("**Phase II Award**"), representing 4,157,000 H Shares, to 259 selected participants pursuant to the RSU Scheme, and the above grant is subject to acceptance by the selected participants. Details of the above grant of RSUs are set out in the announcement of the Company dated December 27, 2023.

On May 31, 2024, as resolved and approved by the Remuneration and Appraisal Committee, an aggregate of 570,000 RSUs granted pursuant to the RSU Scheme were lapsed on December 27, 2023; in addition, the Company granted an aggregate of 413,000 RSUs ("**Phase III Award**"), representing 413,000 H Shares, to 59 selected participants pursuant to the RSU Scheme and the above grant is subject to acceptance by the selected participants. Details of the above lapse and grant of RSUs are set out in the announcement of the Company dated May 31, 2024.

On December 26, 2025, as resolved and approved by the Remuneration and Appraisal Committee, the Company granted 80,000 RSUs ("**Phase IV Award**"), representing 80,000 H Shares, to one selected participant pursuant to the RSU Scheme, and the above grant is subject to acceptance by the selected participant.

Report of the Board

Details of the unvested RSUs at the beginning and the end of the Reporting Period are as follows:

Type	Date of grant ⁽²⁾	Vesting period and performance targets	Purchase price (HK\$)	Unvested as at January 1, 2025	During the Reporting Period				Unvested as at December 31, 2025
					Granted	Vested	Cancelled	Lapsed	
1. Directors									
Mr. XU Xiuxian	April 6, 2023	Note 3	Nil	162,000	0	0	0	36,000	126,000
	December 27, 2023	Note 4	Nil	160,000	0	0	0	32,000	128,000
Mr. ZHAO Liangsheng	April 6, 2023	Note 3	Nil	90,000	0	0	0	20,000	70,000
	December 27, 2023	Note 4	Nil	90,000	0	0	0	18,000	72,000
Mr. SUN Chao	April 6, 2023	Note 3	Nil	90,000	0	0	0	20,000	70,000
	December 27, 2023	Note 4	Nil	60,000	0	0	0	12,000	48,000
2. Two of the five highest paid individuals⁽¹⁾									
	April 6, 2023	Note 3	Nil	90,000	0	0	0	20,000	70,000
	December 27, 2023	Note 4	Nil	60,000	0	0	0	12,000	48,000
	December 26, 2025	Note 6	Nil	-	80,000	0	0	0	80,000
3. Employees									
Employees of the Company, business units companies and divisions	April 6, 2023	Note 3	Nil	2,911,000	0	0	0	810,300	2,100,700
	December 27, 2023	Note 4	Nil	3,038,000	0	0	0	807,600	2,230,400
	May 31, 2024	Note 4	Nil	344,000	0	0	0	86,400	257,600
Employees of other subsidiaries of the Company	April 6, 2023	Note 5	Nil	337,350	0	0	0	337,350	0
Total				7,432,350	80,000	0	0	2,211,650	5,300,700

Report of the Board

Notes:

- (1) The remaining three are Directors, who have been listed separately in the above table.
- (2) Unless otherwise stated, the fair value of the RSUs granted at the date of grant was measured based on the closing price of the Company's H Shares on the date of grant. In particular, the closing price of the H Shares on the date of grant of the Phase I Award was HK\$31.15, and the closing price of the Company's H Shares immediately before the date of grant (i.e., April 4, 2023) was HK\$31.10; the closing price of the H Shares on the date of grant of the Phase II Award was HK\$28.70, and the closing price of the Company's H Shares immediately before the date of grant (i.e., December 22, 2023) was HK\$28.10; the closing price of the H Shares on the date of grant of the Phase III Award was HK\$28.20, and the closing price of the H Shares immediately before the date of grant (i.e., May 30, 2024) was HK\$28.40; the grant date of the Phase IV Award fell on a Hong Kong public holiday, and there was no closing market price. The fair value of the Phase IV Award on the grant date was measured based on the closing price of the Company's H shares on the day immediately preceding the grant date (i.e., December 24, 2025), which was HK\$10.40. For details regarding the accounting standards and policies adopted for RSUs, please refer to Note 2(t) of the consolidated financial statements in this annual report.
- (3) Vesting schedule: as to 10% of the RSUs in November 2024; as to 20% of the RSUs in November 2025; as to 20% of the RSUs in November 2026; as to 20% of the RSUs in November 2027; and as to 30% of the RSUs in November 2028.

Performance targets: (i) no less than 30% year-on-year increase in net profits attributable to equity shareholders of the Company in the preceding year; (ii) accomplishment of profit targets for the corresponding preceding year by the business unit in which such participant serves; and (iii) achievement of individual performance indicators.

- (4) Vesting schedule: fully vested in April 2027.
- Performance targets: (i) the Company records more than 100% increase in the net profits attributable to equity shareholders of the Company in 2026 as compared to 2023; and (ii) vesting at different tiers based on the accomplishment of profit targets of the respective business unit for 2024, 2025 and 2026 by the business units in which such employees serve.
- (5) Vesting schedule: fully vested in April 2026.
- Performance targets: (1) no less than 30% year-on-year increase in the net profits attributable to equity shareholders of the Company for three consecutive years of 2023, 2024 and 2025; and (2) no less than 10% year-on-year increase in profits before tax of other subsidiaries for the three consecutive years of 2023, 2024 and 2025.
- (6) Vesting schedule: vested in installments based on length of service, with one-third vesting upon each full year of service. 26,666 shares vested on or before January 31, 2026; 26,667 shares vested on or before January 31, 2027; and 26,667 shares vested on or before January 31, 2028.

Performance targets: the vesting on January 31, 2026 will be calculated and vested based on the performance achievement results of the preceding year. The vesting amounts for 2027 and 2028 will be calculated based on the achievement of the agreed individual performance indicators for the respective years.

- (7) As of January 1, 2025 and December 31, 2025, the number of awards that can be granted under the RSU Scheme were 1,331,176 and 3,462,826 RSUs, respectively.

Report of the Board

The Company does not issue or allot additional new Shares in connection with the grant of above rewards and the grant of above rewards will not result in any dilution effect on the shareholding of the existing Shareholders of the Company.

In order to implement the RSU Scheme, the Company entrusted China Credit Trust Co., Ltd. and COFCO Trust Co., Ltd. (independent third parties independent of the Company and its connected persons (as defined in the Listing Rules), the “**Trustees**”), qualified trust managers, to purchase H Shares through on-market transactions at the prevailing market price as the source of award.

Pursuant to the Listing Rules and the RSU Scheme, the Trustees holding the unvested H Shares in relation to the RSUs shall abstain from voting on matters requiring the approval of the Shareholders in accordance with the Listing Rules, unless otherwise required by law to act in accordance with the beneficial owner’s direction and such a direction is given.

Subject to the rules relating to the RSU Scheme and compliance with all relevant laws, rules and regulations, the Board and/or the delegatee will, depending on the market conditions, instruct the Trustees to make on-market purchase of H Shares in due course.

On April 23, 2025, as resolved by the Remuneration and Appraisal Committee, an aggregate of 1,080,550 RSUs under the Phase I Award were lapsed, an aggregate of 681,600 RSUs under the Phase II Award were lapsed, and an aggregate of 68,800 RSUs under the Phase III Award were lapsed, due to the performance targets not being met. In addition, due to personal resignation and other reasons in 2025, an aggregate of 163,100 RSUs under the Phase I Award were lapsed; an aggregate of 200,000 RSUs under the Phase II Award were lapsed, and an aggregate of 17,600 RSUs under the Phase III Award were lapsed.

On March 30, 2026, as resolved by the Remuneration and Appraisal Committee, due to the performance targets not being met, an aggregate of 696,200 RSUs under the Phase I Award were lapsed.

As at the Latest Practicable Date, the number of H Shares underlying the unvested RSUs granted under the RSU Scheme is 4,604,500 Shares, representing approximately 0.82% of the total number of issued Shares (excluding Treasury Shares) and approximately 0.87% of the total number of issued H Shares (excluding Treasury Shares) as at the Latest Practicable Date, respectively.



Report of the Board

SHARE OPTION SCHEME

On November 12, 2024, the general meeting of the Company approved and adopted the Share Option Scheme. The principal terms of the Share Option Scheme are set out below:

1. Purposes:

- (a) to recognize and acknowledge the contributions that eligible participants have or may make to the Group and to encourage the eligible participants to work towards enhancing the value of the Company and the Shares for the benefit of the Company and the Shareholders as a whole;
- (b) to enhance eligible participants' motivation and loyalty and to encourage and retain eligible participants and attract talents to make contributions to the long-term development goals of the Group; and
- (c) to provide the Company with a flexible means of retaining, incentivising, rewarding, remunerating, compensating and/or providing benefits to eligible participants.

2. Eligible participants:

The participants of the Share Option Scheme include the following three categories:

- (a) employee participants, being Directors and employees of the Company and its subsidiaries (including any person who is granted Options under the Share Option Scheme as an inducement to enter into employment contracts with any member of the Group);
- (b) related entity participants, being Directors and employees of any holding companies, fellow subsidiaries or associated companies of the Company; and
- (c) service providers, being any person (natural person or corporate entity) who provides services to the Group on a continuing and recurring basis in the ordinary and usual course of business of the Group which are in the interests of the long-term growth of the Group, including but not limited to suppliers, distributors, contractors and agents (excluding any placing agents or financial advisors providing advisory services for fundraising, mergers or acquisitions, and professional service providers such as auditors or valuers who provide assurance, or are required to perform their services with impartiality and objectivity).

The basis of eligibility of any participant to the grant of any option shall be determined by the Board or the authorized persons at its sole discretion from time to time on the basis of the participant's contribution or potential contribution to the development and growth of the Group.

Report of the Board

3. Total number of shares available for issuance:

The maximum number of H Shares which may be issued in respect of option(s) to be granted under the Share Option Scheme and any other share scheme(s) of the Company (excluding options or awards lapsed in accordance with relevant scheme rules) ("**Scheme Mandate Limit**") shall be such number of H Shares which represent 10% (i.e. 18,026,633 H Shares, representing approximately 3.21% of the total issued Shares (excluding Treasury Shares) as of the Latest Practicable Date) of the total number of H Shares in issue as at the adoption date (i.e., November 12, 2024).

Within the Scheme Mandate Limit, the maximum number of H Shares which may be issued to service providers in respect of Option(s) to be granted under the Share Option Scheme and any other share scheme(s) of the Company (excluding options or awards lapsed in accordance with relevant scheme rules) ("**Service Provider Sublimit**") shall be such number of H Shares which represent 5% (i.e. 9,013,316 H Shares, representing approximately 1.61% of the total issued Shares (excluding Treasury Shares) as of the Latest Practicable Date) of the total number of H Shares in issue as at the adoption date (i.e., November 12, 2024).

4. Maximum entitlement of each participant:

Where any grant of options to a grantee would result in the number of H Shares issued and to be issued in respect of all options and awards granted to such person, pursuant to the Share Option Scheme and any other share scheme adopted by the Company (excluding options or awards lapsed in accordance with relevant scheme rules), in the 12-month period up to and including the date of such grant representing in aggregate over 1% of the total number of issued H Shares (excluding the Treasury Shares (if any)) at the relevant time, such grant must be separately approved by the Shareholders in a general meeting with such grantee and their close associates (or associates if the grantee is a connected person of the Company) to abstain from voting.

In addition, each grant of options to any Director, chief executive (as defined in the Listing Rules), or substantial Shareholder of the Company (or any of their respective associates) shall be subject to the prior approval of the independent non-executive Directors (excluding any independent non-executive Director who is the grantee of the options).

Where any grant of options to an independent non-executive Director or a substantial Shareholder of the Company, or any of their respective associates, would result in the number of H Shares issued and to be issued in respect of all options and awards granted (excluding options or awards lapsed in accordance with the relevant scheme rules) to such person in the 12-month period up to and including the date of such grant representing in aggregate over 0.1% of the total number of issued H Shares (excluding the Treasury Shares (if any)) at the relevant time, such further grant of options must be approved by Shareholders in general meeting.

5. Exercise period of the option:

The Board or the authorized persons may in its sole and absolute discretion determine the Exercise Period of the Options, but in all circumstances the exercise period shall not be more than ten (10) years from the offer date.

Report of the Board

6. Vesting period:

The Board or the authorized persons may, subject to all applicable laws, rules and regulations, determine vesting periods for vesting of the options in its sole and absolute discretion. The vesting period of the options shall not be less than twelve (12) months, save and except that options to be granted to an employee participant may be subject to a vesting period of less than twelve (12) months in the following circumstances: (a) grants of “make-whole” options to a new joiner to replace the share awards or options he/she forfeited when leaving his/her previous employer; (b) grants to an employee participant whose employment is terminated due to death or disability or occurrence of any out-of-control event; (c) grants with performance-based vesting conditions in lieu of time-based vesting criteria; (d) grants that are made in batches during a year for administrative and compliance reasons. They may include options that should have been granted earlier but had to wait for a subsequent batch. In such cases, the vesting periods may be shorter to reflect the time from which the options would have been granted; (e) grants with a mixed or accelerated vesting schedule such as where the options may vest evenly over a period of 12 months; and (f) grants of options with a total vesting and holding period of more than 12 months.

7. Consideration for acceptance:

No amount shall be payable for the acceptance of the option offer at the time of such acceptance.

8. Exercise price:

The exercise price of the options shall be such price as determined by the Board or the authorized persons and shall be no less than the highest of: (a) the closing price of the H Shares as stated in the Hong Kong Stock Exchange’s daily quotations sheet on the offer date; (b) the average closing prices of the H Shares as stated in the Hong Kong Stock Exchange’s daily quotations sheets for the five (5) business days immediately preceding the offer date; and (c) the nominal value of the H Shares.

9. Remaining validity period of the scheme:

Unless being earlier terminated by a decision of the Board or a general meeting in accordance with the rules of the scheme, the Share Option Scheme shall remain in force for a period of ten (10) years from the adoption date (i.e., November 12, 2024). The remaining term of the Share Option Scheme as at the Latest Practicable Date is approximately 8.6 years.

Further details regarding the Share Option Scheme are set out in the Company’s circular dated October 24, 2024.

As at May 21, 2025, the Remuneration and Appraisal Committee resolved and approved to grant a total of 18,000,000 options to a total of 39 selected grantees under the Share Option Scheme, subject to acceptance by the selected grantees. Details regarding the grant of the Share Option stated above are set out in the Company’s announcement dated May 21, 2025.

Report of the Board

Details of the grant of options during the Reporting Period are set out below:

Type	Grant date	Vesting period, exercise period, and performance targets	Exercise price (HK\$)	Closing price per Share immediately before the grant date (HK\$)	Outstanding as at January 1, 2025	During the Reporting Period				Outstanding as at December 31, 2025
						Granted	Exercised	Cancelled	Lapsed	
Service Providers										
Huang Xiuli	May 21, 2025	Note 1	19.300	17.440	0	263,400	0	0	0	263,400
Liu Liming	May 21, 2025	Note 1	19.300	17.440	0	479,000	0	0	0	479,000
Shi Anbing	May 21, 2025	Note 1	19.300	17.440	0	255,400	0	0	0	255,400
Wang Wei	May 21, 2025	Note 1	19.300	17.440	0	439,000	0	0	0	439,000
Pang Weijing	May 21, 2025	Note 1	19.300	17.440	0	199,600	0	0	0	199,600
Wang Yi	May 21, 2025	Note 1	19.300	17.440	0	878,000	0	0	0	878,000
Hu Chaoqun	May 21, 2025	Note 1	19.300	17.440	0	518,900	0	0	0	518,900
Hu Chong	May 21, 2025	Note 1	19.300	17.440	0	558,800	0	0	0	558,800
Li Jun	May 21, 2025	Note 1	19.300	17.440	0	870,100	0	0	0	870,100
Zeng Hongxia	May 21, 2025	Note 1	19.300	17.440	0	517,300	0	0	0	517,300
Sun Dunning	May 21, 2025	Note 1	19.300	17.440	0	341,200	0	0	0	341,200
Fu Min	May 21, 2025	Note 1	19.300	17.440	0	549,600	0	0	0	549,600
He Yisheng	May 21, 2025	Note 1	19.300	17.440	0	484,900	0	0	0	484,900
Wu Yuquan	May 21, 2025	Note 1	19.300	17.440	0	383,200	0	0	0	383,200
Zhang Jianyang	May 21, 2025	Note 1	19.300	17.440	0	391,100	0	0	0	391,100
Li Quan	May 21, 2025	Note 1	19.300	17.440	0	383,100	0	0	0	383,100
Song Yongheng	May 21, 2025	Note 1	19.300	17.440	0	359,200	0	0	0	359,200
Service Provider Sub-total					0	7,871,800	0	0	0	7,871,800
Employee Participants ^(Note 2)	May 21, 2025	Note 1	19.300	17.440	0	10,128,200	0	0	0	10,128,200
Total					0	18,000,000	0	0	0	18,000,000

Notes:

- (1) Vesting period of the options: subject to the fulfilment of the performance target as set out below and the rules of the 2024 H Share Option Scheme, 40% of the options granted shall be vested on June 1, 2026; 30% of the options granted shall be vested on June 1, 2027; and the remaining 30% of the options granted shall be vested on June 1, 2028.

Performance targets: the vesting of the options is subject to the fulfilment of certain performance targets and other requirements determined by the Remuneration and Appraisal Committee and as set out in the offer letter. The performance targets include (i) the annual growth rate of net profit attributable to the operating units of employee participants; (ii) individual annual performance evaluation scores for employee participants; (iii) and the annual sales revenue recorded by the Company from new clients acquired with the assistance of service providers.

Exercise period: the options shall be valid from the date of grant until December 31, 2028.

- (2) The 22 employee participants are employees of the Group but not the Directors, chief executive nor substantial Shareholders of the Company, or their respective associates (as defined in the Listing Rules).

Report of the Board

As at the beginning of the Reporting Period, the number of options in respect of a total of 18,026,633 H Shares and 9,013,316 H Shares remain available to be granted by the Company under the Scheme Mandate Limit and the Service Provider Sublimit, respectively.

As at the end of the Reporting Period, the number of options available for future grant by the Company was 26,633 under the Scheme Mandate Limit and the Service Provider Sublimit (equivalent to 26,633 underlying H Shares).

Following the end of the Reporting Period and as of the latest practicable date, no options had been granted under the Share Option Scheme.

During the Reporting Period, the number of Shares that may be issued upon the exercise of options granted under all of the Company's share schemes was 18,000,000 shares, representing approximately 3.2% of the weighted average number of Shares issued (excluding Treasury Shares) during the Reporting Period.

FAIR VALUE OF SHARE OPTIONS AND ASSUMPTIONS

The fair value of services received in return for share options granted is measured by reference to the fair value of share options granted. The estimate of the fair value of the share options granted is measured based on a binomial lattice model.

	Granted on May 21, 2025
Fair value at measurement date (HK\$)	3.91-5.61
Share price (HK\$)	19.30
Exercise price (HK\$)	19.30
Expected volatility	35.23%-38.31%
Option life (years)	1.61-3.61
Expected dividends	-
Risk-free interest rate	1.87%-2.10%

The expected volatility is based on the historic volatility (calculated based on the weighted average remaining life of the share options), adjusted for any expected changes to future volatility based on publicly available information. Expected dividends are based on historical dividends. Changes in the subjective input assumptions could materially affect the fair value estimate. The risk-free interest rate was referred to the market yield of government bond with similar issuing dates and maturity dates as of the respective grant date.

PRE-EMPTIVE RIGHTS

In 2025, the Company had no arrangement for pre-emptive rights and options. There is no provision for the pre-emptive rights under the Articles of Association, or the laws of the PRC, which would oblige the Company to offer new shares on a pro rata basis to existing Shareholders.

TAX CONCESSION AND EXEMPTION

The Company is not aware of any tax concession or exemption available to any Shareholders by reason of their holding of the Company's securities. Shareholders are advised to seek professional advice if they are in any doubt regarding the tax implications of purchasing, holding, disposing of and trading in Shares or exercising any of their rights in relation to them, including any right to tax concession.

Report of the Board

DONATIONS

For the year ended December 31, 2025, the Group made charitable and other donations of approximately RMB20,000.

CONTRACT WITH THE SINGLE LARGEST SHAREHOLDER

Save as disclosed in this annual report, no material contracts were entered into by the Group with Mr. WANG Jianguo, the single largest Shareholder, during the Reporting Period.

NON-COMPETITION UNDERTAKING

The Group has received confirmation from the single largest Shareholder in respect of compliance with the Non-Competition Undertaking (as defined in the Prospectus) for the Reporting Period. The independent non-executive Directors have reviewed the compliance of the single largest Shareholder with the Non-Competition Undertaking. Independent non-executive Directors confirmed that, the single largest Shareholder did not breach the Non-Competition Undertaking during the Reporting Period.

MANAGEMENT CONTRACT

During the Reporting Period, no contracts were entered into in relation to the management and administration of the whole or any substantial part of the business of the Group.

SUFFICIENCY OF PUBLIC FLOAT

Based on the information publicly available to the Company, and to the best of the Directors' knowledge, public float of the Company is 34.93% as of the Latest Practicable Date. The Directors confirm that the Company has complied with the minimum public float required by the Hong Kong Stock Exchange as at the Latest Practicable Date.

LEGAL PROCEEDINGS AND COMPLIANCE

The Group may from time to time be involved in various legal procedures, arbitrations or proceedings in the course of its ordinary business. During the Reporting Period, the Group was not involved in any legal procedures, arbitrations or proceedings that we believe would have a material adverse effect on the business, financial condition or operating performance and to the best of our knowledge, there was no risk of any such legal procedures, arbitrations or proceedings.

The Group's business operations are subject to applicable PRC laws and regulations. During the Reporting Period, the Group has not been involved in, nor is it involved in any non-compliance incidents resulting in fines, enforcement actions or other penalties that may individually or collectively have a material adverse impact on the Group's business, financial condition or operating performance, and the Group has complied with applicable laws and regulations in all material respects.

Report of the Board

SIGNIFICANT EVENTS AFTER THE REPORTING PERIOD

Completion of the Acquisition of Certain Shares of Jin Tong Ling

On September 5, 2025, the Company entered into the Restructuring Investment Agreement with Jin Tong Ling and the Provisional Administrators, pursuant to which the Company intended to acquire 25% shares of Jin Tong Ling at a consideration of RMB994,431,569.29. The Restructuring Plan (draft) of Jin Tong Ling was approved by vote at the creditors' meeting convened by Jin Tong Ling on February 2, 2026, and was approved by the court in accordance with the laws on February 3, 2026 and has come into effect. On February 13, 2026, the court ruled to conclude the restructuring procedure of Jin Tong Ling in accordance with the laws, and Jin Tong Ling has completed the necessary transfer procedures to register 25% of its shares into the securities account designated by the Company. Upon completion of the Acquisition, the Company holds 25% shares of Jin Tong Ling, becoming the largest shareholder of Jin Tong Ling.

Proposed Election of Non-executive Director

The Company considered and approved, among other things, the resolution in relation to the proposed election of Mr. Wang Hao as a candidate for non-executive Director of the fourth session of the Board at the Board meeting held on March 30, 2026. Such resolution will be submitted to the 2025 annual general meeting of the Company to be convened in due course for consideration and approval by the Shareholders.

Implementation of H Share Full Circulation

On June 23, 2025, the Company submitted an application to the China Securities Regulatory Commission (the "CSRC") for the conversion of 349,749,813 Domestic Shares of the Company into H Shares (the "H Share Full Circulation"). In January 2026, the Company successively obtained the filing notice issued by the CSRC and the listing approval granted by the Hong Kong Stock Exchange in respect of the H Share Full Circulation. On April 20, 2026, an aggregate of 349,749,813 Domestic Shares were successfully converted into H Shares, and such converted H Shares commenced trading on the Hong Kong Stock Exchange at 9:00 a.m. on April 21, 2026.

Save as disclosed above, after the Reporting Period and as at the Latest Practicable Date, there were no significant subsequent events affecting the Group.

2025 ANNUAL GENERAL MEETING

The Company's 2025 annual general meeting will be held on Friday, May 22, 2026. The notice of convening the 2025 annual general meeting will be published on the websites of the Hong Kong Stock Exchange (www.hkexnews.hk) and the Company (www.htd.cn) and dispatched to the H Shareholders in the manner by the mean of receipt of corporate communications chosen by the H Shareholders as required by the Listing Rules in due course.

Report of the Board

CLOSURE OF REGISTER OF MEMBERS

To determine the eligibility to attend and vote at the 2025 annual general meeting, the register of members of the Company will be closed from Tuesday, May 19, 2026 to Friday, May 22, 2026 (both dates inclusive), during which period the registration of share transfers will be closed. To be eligible to attend and vote at the annual general meeting, all completed transfer documents accompanied by the relevant share certificates shall be lodged with the H Share Registrar of the Company, Computershare Hong Kong Investor Services Limited, at Shops 1712-1716, 17th Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong (for H Shareholders), or the registered office of the Company, at Huitongda Building, No. 50, Zhongling Street, Xuanwu District, Nanjing, Jiangsu Province, PRC (for Domestic Shareholders) no later than 4:30 p.m. on Monday, May 18, 2026 for handling share transfer registration procedures. Any Shareholder whose name appears on the Company's shareholder register as at Friday, May 22, 2026, is entitled to attend and vote at the 2025 annual general meeting.

BOARD OF DIRECTORS

During the Reporting Period and as at the Latest Practicable Date, the members of the Board were as follows:

Chairman of the Board and Non-executive Director

Mr. WANG Jianguo

Executive Directors

Mr. XU Xiuxian (Chief Executive Officer)

Mr. ZHAO Liangsheng

Mr. SUN Chao

Non-executive Directors (excluding the Chairman of the Board)

Mr. CAI Zhongqiu

Ms. XU Di (appointed on March 27, 2025 and resigned on November 19, 2025)

Mr. WANG Ran (resigned on March 27, 2025)

Independent Non-executive Directors

Ms. YU Lixin

Mr. LIU Xiangdong

Mr. DIAO Yang



Report of the Board

CHANGES IN INFORMATION OF DIRECTORS, SUPERVISORS AND CHIEF EXECUTIVE

Pursuant to Rule 13.51B(1) of the Listing Rules, during the period from the publication of the 2025 interim report of the Company to the Latest Practicable Date, the following Directors, Supervisors and chief executive of the Company have changed the information required to be disclosed pursuant to paragraphs (a) to (e) and (g) of Rule 13.51(2) of the Listing Rules as follows:

Since November 2025, Ms. XU Di ceased to be a non-executive Director due to her personal business engagement.

Since November 2025, Mr. XU Xiuxian has served as the chairman of Boundary.

Since November 2025, Mr. ZHAO Liangsheng has served as the director of Boundary.

Since December 2025, the Company abolished the Board of Supervisors and the functions and powers of the Board of Supervisors shall be exercised by the Audit Committee.

Since April 2026, Mr. WANG Jianguo has served as the chairman of Jin Tong Ling and the acting board secretary to the board.

Since April 2026, Mr. ZHAO Liangsheng has been appointed as the vice chairman of Jin Tong Ling.

Save as disclosed above, the Company is not aware of any changes to information in respect of the Directors, Supervisors and chief executive of the Company required to be disclosed pursuant to Rule 13.51B(1) of the Listing Rules.

SERVICE CONTRACTS OF DIRECTORS AND SUPERVISORS

During the Reporting Period, the Company has not entered into a service contract with the Directors or Supervisors which is not terminable by the Company within one year without payment of compensation (other than statutory compensation).

Details of Directors and Supervisors' remuneration for the year ended December 31, 2025 are set out in Note 8 to the consolidated financial statements of this annual report.

INTERESTS OF DIRECTORS IN MATERIAL TRANSACTIONS, ARRANGEMENTS AND CONTRACTS

Save as disclosed in Note 38 to the consolidated financial statements of this annual report and the section below headed "Connected Transaction and Continuing Connected Transactions", to the knowledge of the Directors, none of the Directors or entities connected with the Directors had or has had a material interest, directly or indirectly, in any material transaction, arrangement or contract in which the Company or its subsidiaries or fellow subsidiaries was a party subsisted during or at the end of the year ended December 31, 2025.

Report of the Board

DIRECTORS' RIGHTS TO ACQUIRE SHARES OR DEBENTURES

At no time during the year ended December 31, 2025, no rights has been granted to any Directors or their spouses or children under the age of 18 to enable them to benefit from the purchase of Shares or debentures of the Company, and such persons did not exercise those rights; and no arrangement has been entered into by the Company or any of its subsidiaries or holding companies or subsidiaries of the holding companies whereby the Directors, their spouses or children under the age of 18 may have access to the rights of any other legal entities.

INTERESTS OF DIRECTORS IN COMPETING BUSINESS

As of the Latest Practicable Date, Mr. WANG Jianguo, the chairman of the Board and the non-executive Director, was entitled to exercise approximately 65.50% voting rights in Five Star Holdings, which in turn is also entitled to exercise or control the exercise of 10% or more of the voting rights at any general meeting of certain companies which have been engaged in the sales of electrical appliances. Details of such companies are set out below:

Entity name	Principal activities	Total interests held	Other positions held by the Director/ senior management of the Company
Hosjoy Comfortable Smart Home Co., Ltd. (好享家舒適智能家居股份有限公司) ("Hosjoy")	With the mission of "making home more comfortable and healthier", Hosjoy endeavors to provide one stop comfortable smart home solutions through four major sectors: cooling and heating system, fresh air system, water purification system and smart system for purpose of improving the environment of city families.	Approximately 39.4% by Five Star Holdings Approximately 19% by Mr. WANG and his family member	Mr. WANG, the non-executive Director, served as a director at Hosjoy
Suzhou Xinhongda Electrical Appliances Co., Ltd. (蘇州市新宏達電器有限公司) ("Suzhou Xinhongda")	Sales of electrical appliances	10% by Five Star Holdings	N/A
Taizhou Fuling Electrical Appliances Sales Co., Ltd. (泰州市富菱電器銷售有限公司) ("Taizhou Fuling", a wholly owned subsidiary of Suzhou Xinhongda)	Sales of electrical appliances	100% by Suzhou Xinhongda	N/A
Yancheng Chengling Electrical Appliances Sales Co., Ltd. (鹽城市誠菱電器銷售有限公司) ("Yancheng Chengling", a wholly owned subsidiary of Suzhou Xinhongda)	Sales of electrical appliances	100% by Suzhou Xinhongda	N/A

Save as disclosed in this annual report and the interests of the Group held by the single largest Shareholder, for the year ended December 31, 2025, the single largest Shareholder or any Director has no interest in any business (other than the businesses of the Group) that is subject to disclosure under Rule 8.10 of the Listing Rules and that directly or indirectly competes or is likely to compete with the businesses of the Group.

Report of the Board

REMUNERATION POLICY

The Remuneration and Appraisal Committee is established to review the Group's remuneration policy and remuneration structure for all Directors and senior management taking into account the Group's operating performance, individual performance of Directors and senior management and comparable market practices.

Currently, the Directors receive their emoluments according to the following criteria: (1) Non-executive Directors do not receive emoluments from the Company during their tenure; (2) Executive Directors' emoluments during their tenure are implemented in accordance with the Company's remuneration management measures. It mainly consists of basic salary, performance-based pay, welfare-related income, etc. Among them, the performance-based pay is mainly determined based on the Group's operating results and individual performance; and (3) Independent non-executive Directors receive a fixed director fee from the Company during their tenure. The fee standard is determined by referring to the market average level and combining with the actual situation of the Company.

Details of the remuneration of the Directors and the five highest paid individuals during the Reporting Period are set out in Notes 8 and 9 to the consolidated financial statements.

According to code provision E.1.5 of the CG Code, the annual remuneration range (including share-based compensation) for senior management members for the year ended December 31, 2025 is as follows:

Remuneration range	Number of Individuals
HK\$1,000,001 – HK\$1,500,000	1
HK\$1,500,001 – HK\$2,000,000	1
HK\$2,000,001 – HK\$2,500,000	2
HK\$2,500,001 – HK\$3,000,000	1
HK\$3,500,001 – HK\$4,000,000	2

No payment was made by the Company in 2025 to induce such person with high emolument to join in the Company.

RETIREMENT AND EMPLOYEE BENEFITS SCHEME

Details of the retirement and employee benefits scheme of the Company are set out in Note 6(b) to the consolidated financial statements of this annual report.

During the Reporting Period, no forfeited contributions had been used by the Group to reduce the existing level of contributions.

PERMITTED INDEMNITY PROVISIONS

The Company has maintained Directors liability insurance to protect the Directors against any losses that may arise out of their actual or alleged misconduct.

Report of the Board

INTERESTS AND SHORT POSITIONS OF THE DIRECTORS AND CHIEF EXECUTIVE IN THE SHARES, UNDERLYING SHARES AND DEBENTURES

As at December 31, 2025, the interests and short positions of the Directors and chief executive of the Company in the shares, underlying shares and debentures of the Company or any of its associated corporations (within the meaning of Part XV of the SFO) which is required to be notified to the Company and the Hong Kong Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions which they were taken or deemed to have under such provisions of the SFO) or which is required, pursuant to section 352 of the SFO, to be entered in the register referred to therein, or which is required, pursuant to the Model Code, to be notified to the Company and the Hong Kong Stock Exchange were as follows:

Interests and Short Positions in the Shares

Name	Position	Class of Shares	Number of Shares	Nature of interest	Approximate percentage of shareholding in the relevant class of Shares ^(Note 2)	Approximate percentage of shareholding in the total issued Shares of the Company ^(Note 2)
WANG Jianguo	Chairman of the Board and non-executive Director	H Shares	39,516,334	Beneficial owner	21.92%	7.02%
		Domestic Shares	114,439,526	Beneficial owner	29.93%	20.34%
		H Shares	2,991,759	Interest in a controlled corporation ^(Note 3)	1.66%	0.53%
		Domestic Shares	8,664,152	Interest in a controlled corporation ^(Note 3)	2.27%	1.54%
XU Xiuxian	Executive Director and chief executive officer	H Shares	18,295,661	Beneficial owner	10.15%	3.25%
		Domestic Shares	52,984,339	Beneficial owner	13.86%	9.42%

Notes:

- All interests stated above are long positions.
- As at December 31, 2025, the total number of issued Shares was 562,569,837 Shares, including 180,266,339 H Shares and 382,303,498 Domestic Shares.
- Mr. WANG Jianguo indirectly controlled whole equity interest in Nanjing Yuanbai Enterprise Management Centre (Limited Partnership) through Five Star Holdings Group Co., Ltd. (a company in which Mr. WANG was entitled to exercise approximately 65.50% voting rights). Nanjing Yuanbai Enterprise Management Centre (Limited Partnership) directly holds 2,991,759 H Shares and 8,664,152 Domestic Shares. Therefore, Mr. WANG Jianguo was deemed to be interested in the Shares held by Nanjing Yuanbai Enterprise Management Centre (Limited Partnership).

Report of the Board

Beneficial Interests and Short Positions in the Underlying Shares of Equity Derivatives of the Company

Name	Position	Date of grant	Number of underlying Shares	Nature of interest	Approximate percentage of shareholding in the relevant class of Shares ^(Note 2)	Approximate percentage of shareholding in the total issued Shares of the Company ^(Note 2)	Note
XU Xiuxian	Executive Director and chief executive officer	April 6, 2023	144,000	Beneficial owner	0.08%	0.03%	RSUs, 18,000 Shares were vested in November, 2024
ZHAO Liangsheng	Executive Director	December 27, 2023	128,000	Beneficial owner	0.07%	0.02%	RSUs, 10,000 Shares were vested in November, 2024
		April 6, 2023	80,000	Beneficial owner	0.04%	0.01%	
SUN Chao	Executive Director	December 27, 2023	72,000	Beneficial owner	0.04%	0.01%	RSUs, 10,000 Shares were vested in November, 2024
		April 6, 2023	80,000	Beneficial owner	0.04%	0.01%	
		December 27, 2023	48,000	Beneficial owner	0.03%	0.01%	

Notes:

- All interests stated above are long positions.
- As at December 31, 2025, the total number of issued Shares was 562,569,837 Shares, including 180,266,339 H Shares and 382,303,498 Domestic Shares.

Save as disclosed above, as at December 31, 2025, none of the Directors and chief executive of the Company had or was deemed to have any interests or short positions in the shares, underlying shares and debentures of the Company or any of its associated corporations (within the meaning of Part XV of the SFO) which were required to be notified to the Company and the Hong Kong Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including their interests and short positions deemed or taken under the relevant provisions of the SFO), or which were required to be entered in the register required to be kept by the Company under section 352 of the SFO, or which were required to be notified to the Company and the Stock Exchange pursuant to the Model Code.

Report of the Board

INTERESTS AND SHORT POSITIONS OF SUBSTANTIAL SHAREHOLDERS AND OTHER PERSONS IN SHARES AND UNDERLYING SHARES

As at December 31, 2025, to the Directors' knowledge, the following persons (other than the Directors or chief executive of the Company) had interests or short positions in the Shares or underlying Shares, which were required to be notified to the Company and the Hong Kong Stock Exchange under the provisions of Divisions 2 and 3 of Part XV of the SFO, or which were required to be recorded in the register of the Company required to be kept pursuant to section 336 of the SFO:

Name	Class of Shares	Number of Shares	Nature of interest	Approximate percentage of shareholding in the relevant class of Shares ^(Note 2)	Approximate percentage of shareholding in the total issued Shares of the Company ^(Note 2)
Alibaba China ^(Note 3)	H Shares	19,401,212	Beneficial owner	10.76%	3.45%
Hangzhou Haoyue Enterprise Management Co., Ltd. ("Hangzhou Haoyue") ^(Note 3)	Domestic Shares	72,156,332	Beneficial owner	18.87%	12.83%
Taobao (China) Software Co., Ltd. ^(Note 3)	H Shares	19,401,212	Interest in a controlled corporation	10.76%	3.45%
	Domestic Shares	72,156,332	Interest in a controlled corporation	18.87%	12.83%
Zhejiang Tmall Technology Co., Ltd. ^(Note 3)	H Shares	19,401,212	Interest in a controlled corporation	10.76%	3.45%
	Domestic Shares	72,156,332	Interest in a controlled corporation	18.87%	12.83%
Taobao China Holding Limited ^(Note 3)	H Shares	19,401,212	Interest in a controlled corporation	10.76%	3.45%
	Domestic Shares	72,156,332	Interest in a controlled corporation	18.87%	12.83%
Taobao Holding Limited ^(Note 3)	H Shares	19,401,212	Interest in a controlled corporation	10.76%	3.45%
	Domestic Shares	72,156,332	Interest in a controlled corporation	18.87%	12.83%
Alibaba Group Holding Limited ^(Note 3)	H Shares	19,401,212	Interest in a controlled corporation	10.76%	3.45%
	Domestic Shares	72,156,332	Interest in a controlled corporation	18.87%	12.83%
Central SOEs Industrial Investment Fund for Poor Area Co., Ltd. ("SOE IIF") ^(Note 4)	H Shares	6,921,056	Beneficial owner	3.84%	1.23%
	Domestic Shares	20,043,418	Beneficial owner	5.24%	3.56%
WANG Jian	H Shares	5,774,312	Beneficial owner	3.20%	1.03%
	Domestic Shares	21,592,364	Beneficial owner	5.65%	3.84%

Report of the Board

Notes:

1. All interests stated above are long positions.
2. As at December 31, 2025, the total number of issued Shares was 562,569,837 Shares, including 180,266,339 H Shares and 382,303,498 Domestic Shares.
3. Each of Alibaba China and Hangzhou Haoyue is held as to 57.59% and 35.75% by Taobao (China) Software Co., Ltd. and Zhejiang Tmall Technology Co., Ltd., respectively. Taobao (China) Software Co., Ltd. and Zhejiang Tmall Technology Co., Ltd. are wholly owned by Taobao China Holding Limited, which in turn is wholly owned by Taobao Holding Limited. Taobao Holding Limited is a direct wholly-owned subsidiary of Alibaba Group Holding Limited. Therefore, each of Taobao (China) Software Co., Ltd., Zhejiang Tmall Technology Co., Ltd., Taobao China Holding Limited, Taobao Holding Limited and Alibaba Group Holding Limited was deemed to be interested in the Shares held by Alibaba China and Hangzhou Haoyue.
4. SOE IIF was managed by SDIC Chuangyi Industry Fund Management Co., Ltd. (國投創益產業基金管理有限公司) and was owned as to (i) 30.49% by six institutional shareholders (mainly engaged in equity investment, equity management consulting, telecom operations, energy investment and integrated infrastructure services) each holding 5% to 10% equity interest in SOE IIF, and (ii) 69.51% by the remaining 104 institutional shareholders each holding no more than 5% equity interest in SOE IIF. SOE IIF is ultimately controlled by the State-owned Assets Supervision and Administration Commission of the State Council of the PRC (國務院國有資產監督管理委員會).
5. The above disclosures are based on information shown on the website of Hong Kong Stock Exchange and information available to the Company as of the Latest Practicable Date. Pursuant to Section 336 of the SFO, Shareholders are required to file a disclosure of interests form if certain conditions are met. As the Shareholder is not required to notify the Company or the Hong Kong Stock Exchange of any changes in their shareholdings in the Company unless certain conditions are met, the Shareholder's actual shareholding in the Company may differ from the shareholding shown on the website of Hong Kong Stock Exchange.

Save as disclosed above, as at December 31, 2025, the Directors were not aware of any persons (other than the Directors or chief executive of the Company) who had an interest or short position in the Shares or underlying Shares of the Company which were required to be disclosed under Divisions 2 and 3 of Part XV of the SFO, or which were required to be recorded in the register to be kept by the Company under section 336 of the SFO.

EQUITY LINKED AGREEMENTS

The Company did not enter into, and did not have, any equity linked agreements which would or might result in the issue of Shares by the Company, or require the Company to enter into any agreements which would or might result in the issue of Shares by the Company, during the Reporting Period and up to the Latest Practicable Date.

ACHIEVEMENT OF THE PERFORMANCE COMMITMENTS BY THE ACQUIRED COMPANY

Acquisition of 100% Equity Interest in Nanjing Hosjoy Engineering Technology Co., Ltd.

On March 21, 2023, the Company entered into an equity acquisition agreement (the "**Equity Acquisition Agreement**") with Hosjoy Comfortable Smart Home Co., Ltd. ("**Hosjoy**") for the acquisition of 100% equity interest in Nanjing Hosjoy Engineering Technology Co., Ltd. ("**Nanjing Hosjoy Engineering**").

According to the Equity Acquisition Agreement, Hosjoy has made relevant commitment to the Company in respect of the net profit achieved on a consolidated basis (the "**Committed Net Profit**") of Nanjing Hosjoy Engineering for the year ended December 31, 2023, the year ended December 31, 2024 and the year ended December 31, 2025 (collectively, the "**Performance Commitment Period**"), and stipulated the compensation method.

Report of the Board

The Committed Net Profit and the net profit achieved on a consolidated basis (the “**Achieved Net Profit**”) are as follows:

Financial Year	Year ended December 31,		
	2023	2024	2025
	RMB0'000	RMB0'000	RMB0'000
Committed Net Profit	6,477.50	7,780.46	8,396.66
Achieved Net Profit	5,576.50	7,891.85	8,744.41

The Achieved Net Profit of Nanjing Hosjoy Engineering for the year ended December 31, 2025 met its Committed Net Profit for the year ended December 31, 2025. According to the Equity Acquisition Agreement, if the three-year accumulated actual net profit achieved on a consolidated basis of Nanjing Hosjoy Engineering during the Performance Commitment Period is less than 90% of the three-year accumulated Committed Net Profit, Hosjoy shall compensate the Company for the profit gap (the calculation formula for performance compensation being: the amount of compensation = three-year accumulated Committed Net Profit – three-year accumulated actual net profit achieved on a consolidated basis). The total accumulated actual net profit achieved by Hosjoy from 2023 to 2025 is RMB222.1276 million, compared to the Committed Net Profit of RMB226.5462 million. The actual cumulative Achieved Net Profit is 98.05% of the Committed Net Profit. Therefore, Hosjoy is not required to make any performance compensation.

Please refer to the Company’s announcement dated March 21, 2023 for further details regarding the above acquisition.

Acquisition of 57% Equity Interest in Tibet Boundary Information Technology Co., Ltd.

On November 18, 2025, the Company entered into an equity acquisition agreement (the “**Equity Acquisition Agreement**”) with the founders of Tibet Boundary Information Technology Co., Ltd. (“**Boundary**”) for the acquisition of 57% equity interest in Boundary.

According to the Equity Acquisition Agreement, the founders have made relevant commitment to the Company in respect of the net profit attributable to owners of the parent company achieved on a consolidated basis, after deducting non-recurring gains and losses (the “**Committed Net Profit**”) of Boundary for year ended December 31, 2025, the year ended December 31, 2026, the year ending December 31, 2027 and the year ending December 31, 2028 (collectively, the “**Performance Commitment Period**”), and AI product revenue as a percentage of operating revenue for each financial year during the Performance Commitment Period, and stipulated the compensation method.

The Committed Net Profit and the net profit achieved in accordance with local GAAP on a consolidated basis (the “**Achieved Net Profit**”) are as follows:

Financial Year	Year ended December 31,			
	2025	2026	2027	2028
	RMB0'000	RMB0'000	RMB0'000	RMB0'000
Committed Net Profit	6,000.00	8,500.00	10,000.00	11,500.00
Achieved Net Profit	6,443.40	/	/	/
Committed AI product revenue	5,000.00	9,000.00	14,000.00	225,000.00
Achieved AI product revenue	11,489.87	/	/	/
Committed AI product revenue proportion	20%	30%	40%	50%
Achieved AI product revenue proportion	35.83%	/	/	/

Report of the Board

The Achieved Net Profit of Boundary for the year ended December 31, 2025 met its Committed Net Profit for the year ended December 31, 2025 and the achieved AI product revenue and achieved AI product revenue proportion for the year ended December 31, 2025 met their respective commitment. According to the Equity Acquisition Agreement,

- (i) If the target company's Actual Net Profit for the period reaches 90% or more of the Committed Net Profit for the period but fails to achieve the committed AI product revenue for the period, the Company shall suspend payment of the equity transfer payment due for that year and defer the committed AI product revenue for the period to the next year. If the relevant committed AI product revenue is achieved in the following year, the Company shall continue to make such installment of equity transfer payment in accordance with the Equity Acquisition Agreement; if not, such commitment shall continue to be deferred to the next year until the target company achieves the relevant committed AI product revenue, after which the corresponding equity transfer payment for such year shall be made by the Company;
- (ii) If the target company's Actual Net Profit for the period fails to reach 90% or more of the Committed Net Profit for the Period (regardless of whether the committed AI product revenue for the period is achieved), the founders shall make performance compensation in accordance with the Equity Acquisition Agreement; and
- (iii) If the target company's Actual Net Profit for the period reaches 90% or more of the Committed Net Profit for the period and the committed AI product revenue for the period is achieved, the Company shall pay the second to fifth installments of equity transfer payments in sequence in accordance with the Equity Acquisition Agreement.

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

Performance compensation for the period = (Committed Net Profit for the period – Actual Net Profit for the period) ÷ total committed net profit of the target company for all years during the Performance Commitment Period × transaction consideration (for the avoidance of doubt, if performance compensation is triggered for a particular year, the calculation shall be made on a standalone basis for each year). If the compensation amount calculated according to the above formula is negative or zero, the amount shall be deemed zero, and previously compensated amounts shall not be reversed. The founders' total actual performance compensation shall not exceed the consideration of the Acquisition, being RMB456 million. The Company has the right to directly deduct the performance compensation amount from the unpaid equity transfer payment for that period under the Equity Acquisition Agreement. If the equity transfer payment for that period is insufficient for such deduction, the founders shall make up the shortfall in cash in full within 10 business days from receipt of written notice from the Company. If there remains any balance after deducting the performance compensation amount, the remaining balance shall continue to be paid to the transferor by the Company.

Please refer to the Company's announcement dated November 18, 2025 for further details regarding the above acquisition.

Report of the Board

CONNECTED TRANSACTION AND CONTINUING CONNECTED TRANSACTIONS

Overview

During the Reporting Period, the Company entered into certain connected transaction and continuing connected transactions which are subject to the reporting, announcement and/or annual review requirements under Chapter 14A of the Listing Rules. The Directors confirm that for the year ended December 31, 2025, the Group has complied with the disclosure requirements specified in Chapter 14A of the Listing Rules in respect of the following connected transaction and continuing connected transactions and has followed the pricing policies in accordance with the relevant agreements.

Non-exempt Connected Transaction

Disposal of Partial Equity Interest in Huitone Datatech

Transaction overview

On May 13, 2025, the Company entered into the equity transfer agreement with Nanjing Huidefu Enterprise Management Consulting Partnership (Limited Partnership) (the “**Nanjing Huidefu**”), whereby the Company intended to agree to dispose of, and Nanjing Huidefu intended to agree to acquire 26.7143% equity interest in Huitone Datatech Smart Technology Co., Ltd. (the “**Huitone Datatech**”).

Transaction consideration and terms

The consideration for the above disposal is RMB25,378,585, which will be paid by Nanjing Huidefu to the Company in cash. Specifically, Nanjing Huidefu shall pay RMB5,378,585 to the Company by June 30, 2025 and all the remaining payments shall be fully settled by June 30, 2029.

The above disposal has been completed on May 22, 2025. Upon completion of the disposal, the Company will hold 51% equity interest in Huitone Datatech. Huitone Datatech will continue to be a subsidiary of the Company and the financial results of Huitone Datatech will continue to be consolidated into the financial statements of the Group.

Purposes for and benefits of the transaction

AI+SaaS business is one of the Group’s key areas of development. The above disposal will stimulate the innovation vitality and operation efficiency of the management team of Huitone Datatech through deeply binding the core AI and technology talents of the Group with equity incentive mechanism. It will also help attract talents and enhance the Group’s market position in the industry, which lays a strong foundation for the Group to expand in the industry.



Report of the Board

Related with counterparty of transaction

Mr. Sun Chao is an executive Director, and therefore is a connected person of the Company in accordance with Chapter 14A of the Listing Rules. In addition, as at the date of the transaction, Mr. Sun Chao holds 80% interest in Nanjing Huidefu as a general partner and an executive partner, therefore, Nanjing Huidefu is an associate of Mr. Sun Chao and a connected person of the Company in accordance with Chapter 14A of the Listing Rules.

For further information about the above Disposal, please refer to the announcement of the Company dated May 13, 2025.

Non-exempt Continuing Connected Transactions

The following sets out the details of certain non-exempt continuing connected transactions entered into by the Company.

1. Alibaba China Sales Framework Agreement

On September 20, 2023, the Company and Alibaba China had renewed the Alibaba China Sales Framework Agreement (“**Alibaba China Sales Framework Agreement**”). The annual caps for the transactions under the Alibaba China Sales Framework Agreement for the years ended December 31, 2024 and December 31, 2025, and the year ending December 31, 2026 are RMB400 million, RMB500 million and RMB600 million, respectively.

Main Content of the Transaction

Pursuant to the Alibaba China Sales Framework Agreement, the Group has agreed to supply goods (including but not limited to household appliances, consumer electronics, etc.) to Alibaba China and/or its associates. The term is from January 1, 2024, to December 31, 2026. The Alibaba China Sales Framework Agreement is renewable upon mutual agreement, subject to compliance with Chapter 14A of the Listing Rules and all other applicable laws and regulations.

Under the terms of the Alibaba China Sales Framework Agreement, Alibaba China and/or its associates will enter into specific agreements with the Group or issue purchase orders to stipulate the specific terms and conditions for the supply of goods. According to the Alibaba China Sales Framework Agreement, the consideration payable by Alibaba China and/or its associates will be made in accordance with the time and manner agreed upon in the specific agreements or purchase orders.

Reasons for and benefits of the Transaction

Alibaba China and/or its associates have been purchasing certain goods from the Group in their ordinary course of business given the price advantage of such goods offered by the Group compared to other market players. In addition, the Group is authorized as designated agents or sellers of certain types and/or brands of goods in certain areas. As such, Alibaba China and/or its associates could only purchase such goods from the Group. The transactions contemplated under the Alibaba China Sales Framework Agreement are conducted in the ordinary and usual course of business of the Group and on normal commercial terms.

Report of the Board

Pricing basis

The prices of transactions contemplated under the Alibaba China Sales Framework Agreement shall be determined on the basis of arm's length negotiations.

The price for selling goods to Alibaba China and/or its associates by the Group shall be determined with reference to the price that the Group may sell goods to independent third parties and the prevailing market price.

Pricing procedures

The parties shall negotiate the selling price separately for each sale of goods based on the principles that the selling price to be paid shall be determined on normal commercial terms after arm's length negotiations, and shall be no less favorable than the prevailing market price and the price offered to independent third parties. Pursuant to the terms of the Alibaba China Sales Framework Agreement, the parties will enter into separate sales order for each sale.

To ensure that the selling prices offered to Alibaba China and/or its associates are fair and reasonable and comparable to those offered to independent third parties, the Group will compare the prices offered by at least two other independent companies for similar product types and quantities so as to know the prevailing market prices before entering into sales orders with Alibaba China and/or its associates. The above procedures can ensure that the transactions contemplated under the Alibaba China Sales Framework Agreement will be conducted on normal commercial terms and not prejudicial to the interests of the Company and the Shareholders.

Annual cap and actual transaction amount

The annual cap and actual transaction amounts of the transactions under the Alibaba China Sales Framework Agreement were RMB500 million and RMB42.5 million respectively for the year ended December 31, 2025.

Listing Rules implications

As at the date of the agreement, Alibaba China is a substantial Shareholder of the Company. Therefore, Alibaba China is a connected person of the Company according to Chapter 14A of the Listing Rules. Accordingly, the transactions contemplated under the Alibaba China Sales Framework Agreement constitute continuing connected transactions of the Company under the Listing Rules.

For details of the Alibaba China Sales Framework Agreement and the transactions thereunder, please refer to the announcement of the Company dated September 20, 2023.



Report of the Board

2. *Alibaba China Purchase Framework Agreement*

On September 20, 2023, the Company and Alibaba China had renewed the Alibaba China Purchase Framework Agreement (“**Alibaba China Purchase Framework Agreement**”). The annual caps for the transactions under the Alibaba China Purchase Framework Agreement for the years ended December 31, 2024 and December 31, 2025, and the year ending December 31, 2026 are RMB250 million, RMB300 million and RMB350 million, respectively.

Main Content of the Transaction

Pursuant to the Alibaba China Purchase Framework Agreement, the Group has agreed to purchase goods (including but not limited to household appliances, consumer electronics, etc.) from Alibaba China and/or its associates. The term is from January 1, 2024, to December 31, 2026. The Alibaba China Purchase Framework Agreement is renewable upon mutual agreement, subject to compliance with Chapter 14A of the Listing Rules and all other applicable laws and regulations.

Under the terms of the Alibaba China Purchase Framework Agreement, the Group will enter into specific agreements with Alibaba China and/or its associates or issue purchase orders to stipulate the specific terms and conditions for the supply of goods. According to the Alibaba China Purchase Framework Agreement, the Group shall make payments for the consideration in accordance with the time and manner agreed upon in the specific agreements or purchase orders.

Reasons for and benefits of the Transaction

The Group has been purchasing certain goods from Alibaba China and/or its associates given the price advantage of such goods offered by Alibaba China and/or its associates compared to other market players. The transactions contemplated under the Alibaba China Purchase Framework Agreement are conducted in the ordinary and usual course of business of the Group and on normal commercial terms.

Pricing basis

The prices of transactions contemplated under the Alibaba China Purchase Framework Agreement shall be determined on the basis of arm’s length negotiations.

The price for purchasing certain goods from Alibaba China and/or its associates by the Group shall be determined with reference to the price that the Group may purchase goods from independent third parties and the prevailing market price.

Report of the Board

Pricing procedures

The parties shall negotiate the purchase price separately for each purchase of goods based on the principles that the purchase price payable shall be determined on normal commercial terms after arm's length negotiations, and shall be no less favorable than the prevailing market price and the price offered by independent third parties. Pursuant to the terms of the Alibaba China Purchase Framework Agreement, the parties will enter into separate purchase order for each purchase.

To ensure that the purchase prices offered by Alibaba China and/or its associates are fair and reasonable and comparable to those offered by independent third parties, the Group will compare the prices offered by at least two other independent companies for similar product types and quantities so as to know the prevailing market prices before entering into purchase orders with Alibaba China and/or its associates. The above procedures can ensure that the transactions contemplated under the Alibaba China Purchase Framework Agreement will be conducted on normal commercial terms and not prejudicial to the interests of the Company and the Shareholders.

Annual cap and actual transaction amount

The annual cap and actual transaction amounts of the transactions under the Alibaba China Purchase Framework Agreement were RMB300 million and RMB28.6 million respectively for the year ended December 31, 2025.

Listing Rules implications

As at the date of the agreement, Alibaba China is a substantial Shareholder of the Company. Therefore, Alibaba China is a connected person of the Company according to Chapter 14A of the Listing Rules. Accordingly, the transactions contemplated under the Alibaba China Purchase Framework Agreement constitute continuing connected transactions of the Company under the Listing Rules.

For details of the Alibaba China Purchase Framework Agreement and the transactions thereunder, please refer to the announcement of the Company dated September 20, 2023.

3. Five Star Holdings Sales Framework Agreement

On March 27, 2024, the Company and Five Star Holdings had entered into the Five Star Holdings Sales Framework Agreement ("**Five Star Sales Framework Agreement**"). The proposed annual caps for the transactions contemplated under the Five Star Sales Framework Agreement for the years ended December 31, 2024 and December 31, 2025, and the year ending December 31, 2026 are RMB30 million.

Main Content of the Transaction

Pursuant to the Five Star Sales Framework Agreement, the Group has agreed to supply goods (including but not limited to household appliances, consumer electronics, etc.) to Five Star Holdings and/or its associates. The Five Star Sales Framework Agreement is effective from March 27, 2024, to December 31, 2026. The Five Star Sales Framework Agreement is renewable upon mutual agreement, subject to compliance with Chapter 14A of the Listing Rules and all other applicable laws and regulations.

Report of the Board

Under the terms of the Five Star Sales Framework Agreement, Five Star Holdings and/or its associates will enter into specific agreements with the Group or issue purchase orders to stipulate the specific terms and conditions for the supply of goods. According to the Five Star Sales Framework Agreement, the consideration payable by Five Star Holdings and/or its associates will be made in accordance with the time and manner agreed upon in the specific agreements or purchase orders.

Reasons for and benefits of the Transaction

Five Star Holdings and/or its associates may increase the quantity of certain goods purchased from the Group during their ordinary course of business as the Group is a leading supplier of certain goods. The sales of goods including household appliances and consumer electronics by the Group to Five Star Holdings and/or its associates help the Group expand its scale and channels. The transactions contemplated under the Five Star Sales Framework Agreement are conducted in the ordinary and usual course of business of the Group and on normal commercial terms. These transactions have been agreed on arm's length basis and on terms that are fair and reasonable to the Group and in the interests of the Company and the Shareholders as a whole.

Pricing basis

The prices of transactions contemplated under the Five Star Sales Framework Agreement shall be determined by negotiation on an arm's length basis.

The price for selling goods to Five Star Holdings and/or its associates by the Group shall be determined with reference to the price of the goods of similar product types and quantities that the Group may sell to the independent third parties and the prevailing market price.

Pricing procedures

The parties shall negotiate the selling price separately for each sale of goods based on the principles that the selling price to be paid by Five Star Holdings and/or its associates shall be determined on normal commercial terms after arm's length negotiation, and shall be no less favorable than the prevailing market price and the price offered by the Group to independent third parties for similar product types and quantities. Pursuant to the terms of the Five Star Sales Framework Agreement, the parties will enter into separate sales order for each sale.

To ensure that the selling prices offered by the Group to Five Star Holdings and/or its associates are fair and reasonable and comparable to those offered to independent third parties, the Group will compare the prices offered by at least two other independent companies for similar product types and quantities so as to know the prevailing market price before entering into sales orders with Five Star Holdings and/or its associates. The above procedures can ensure that the transactions contemplated under the Five Star Sales Framework Agreement will be conducted on normal commercial terms and will not be prejudicial to the interests of the Company and its Shareholders.

Annual cap and actual transaction amount

The annual cap and actual transaction amounts of the transactions under the Five Star Sales Framework Agreement were RMB30 million and RMB0.72 million respectively for the year ended December 31, 2025.

Report of the Board

Listing Rules implications

As Mr. Wang Jianguo is the chairman of the Board and a non-executive Director, and he holds approximately 29.44% of the issued Shares in aggregate and is also a substantial Shareholder of the Company, Mr. Wang Jianguo is a connected person of the Company in accordance with Chapter 14A of the Listing Rules. In addition, as at the Latest Practicable Date, as Mr. Wang Jianguo and his family member together hold approximately 65.50% interest in Five Star Holdings, Five Star Holdings is an associate of Mr. Wang Jianguo and a connected person of the Company in accordance with Chapter 14A of the Listing Rules. Therefore, the transactions contemplated under the Five Star Sales Framework Agreement constitute continuing connected transactions of the Company under the Listing Rules.

For details of the Five Star Sales Framework Agreement and the transactions thereunder, please refer to the announcement of the Company dated March 27, 2024.

Annual Review by Independent Non-executive Directors

The Company's independent non-executive Directors have reviewed aforementioned continuing connected transactions, and confirmed such transactions are:

- (i) entered into in the ordinary business of the Group;
- (ii) conducted with normal commercial terms or better; and
- (iii) conducted pursuant to agreements of relevant transactions, with fair and reasonable terms and in the interests of the Shareholders as a whole.

Confirmation by the Auditor

The auditor of the Company has performed the relevant procedures regarding the continuing connected transactions in accordance with Hong Kong Standard on Assurance Engagements 3000 (Revised) "Assurance Engagements Other Than Audits or Reviews of Historical Financial Information" and with reference to Practice Note 740 "Auditor's Letter on Continuing Connected Transactions under the Hong Kong Listing Rules" issued by the Hong Kong Institute of Certified Public Accountants. The auditor has issued an unqualified letter containing findings and conclusions in respect of the continuing connected transactions disclosed above in accordance with Rule 14A.56 of the Listing Rules.

The auditor has confirmed in a letter to the Board that, with respect to the aforesaid continuing connected transactions:

- (a) nothing has come to the auditor's attention that causes the auditor to believe that the disclosed continuing connected transactions have not been approved by the Board;
- (b) for transactions involving the provision of goods or services by the Group, nothing has come to the auditor's attention that causes the auditor to believe that the disclosed continuing connected transactions were not, in all material respects, in accordance with the pricing policies of the Group;
- (c) nothing has come to the auditor's attention that causes the auditor to believe that the disclosed continuing connected transactions were not entered into, in all material respects, in accordance with the relevant agreements governing such transactions; and
- (d) with respect to the aggregate amount of each of the disclosed continuing connected transactions, nothing has come to the auditor's attention that causes the auditor to believe that the disclosed continuing connected transactions have exceeded the annual cap as set by the Company.

Report of the Board

Related Party Transactions

Details of material related party transactions entered into by the Group during the Reporting Period are disclosed in Note 38 to the consolidated financial statements. Save as disclosed in the section headed “Connected Transaction and Continuing Connected Transactions” of this annual report, related party transactions disclosed in Note 38 do not constitute connected transactions under Chapter 14A of the Listing Rules, or are exempt from the reporting, announcement, annual review and independent Shareholders’ approval requirements under the Listing Rules. The Company had complied with the disclosure requirements under Chapter 14A of the Listing Rules and disclosure was made in this annual report.

AUDITOR

The accompanying financial statements prepared in accordance with IFRS Accounting Standards, have been audited by KPMG.

KPMG will retire at the forthcoming annual general meeting and, being eligible, offer itself for re-appointment. A resolution for the reappointment of KPMG as auditors of the Company is to be proposed at the forthcoming annual general meeting.

The Company has not changed auditor in the past three years.

AUDIT COMMITTEE

The Company has established an Audit Committee in compliance with Rule 3.21 of the Listing Rules and set its terms of reference in compliance with the CG Code. The Audit Committee consists of three members, namely Ms. YU Lixin (Chairlady), Mr. LIU Xiangdong and Mr. DIAO Yang. The Audit Committee is chaired by Ms. YU Lixin, who is an independent non-executive Director with appropriate accounting and related financial management expertise as required under Rule 3.10(2) and Rule 3.21 of the Listing Rules.

Following discussions with the auditor, the Audit Committee has reviewed the Company’s audited consolidated financial statements for the year ended December 31, 2025. The Audit Committee has reviewed the accounting principles and practices adopted by the Company and discussed matters relating to the Company’s risk management and internal controls. There were no disagreements between the Board and the Audit Committee with respect to the accounting treatment method adopted by the Company.

The Company has prepared its annual results for the year ended December 31, 2025 in accordance with IFRS Accounting Standards.

On behalf of the Board

Mr. WANG Jianguo

Chairman

Nanjing, the PRC

March 30, 2026

CORPORATE GOVERNANCE REPORT

CORPORATE GOVERNANCE PRACTICE

The Company is committed to achieving high standards of corporate governance to protect the Shareholders' interests and enhance the corporate value. The Company has adopted the CG Code as the basis of corporate governance of the Company and established a good corporate governance system. The Board is of the view that the Company has complied with all applicable code provisions of the CG Code during the Reporting Period.

The Company will continue to review and monitor its corporate governance practices to ensure compliance with the CG Code.

The Board is responsible for performing the functions as set out in code provision A.2.1 of the CG Code. The Board will review the Company's corporate governance policies and practices, the training and continuous professional development of Directors and senior management, the Company's policies and practices on compliance with legal and regulatory requirements, compliance with the Model Code and the Employee Written Guidelines, and the Company's compliance with the CG Code and disclosures made in this Corporate Governance Report.

CORPORATE PURPOSE, VALUES AND CULTURE

Always keeping in mind the corporate mission of "Making Farmers' Life Better", the Group adheres to the entrepreneurial mentality and deepens the awareness of innovation to enhance its creative ability. This allows the Group to empower the township family-run retail stores and the member retail stores to grow bigger, better and stronger using its supply chain and digital services.

Upholding the core value of "Together for Shared Value and Growth", the Group has gradually established and improved a series of policy systems, internal control systems, and management mechanisms and processes for the major stakeholders involved in good corporate governance policies and measures: Shareholders, the Board and its committees, management and staff, and other stakeholders (including customers, local communities, industry peers, regulatory authorities, etc.), to comprehensively prevent and resolve all kinds of risks.

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 specific enquiries to all Directors and Supervisors, all Directors and Supervisors have confirmed that they have complied with the provisions set out in the Model Code during the Reporting Period.

The Company has also established written guidelines for securities transactions by relevant employees who may have inside information about the Company on terms no less stringent than the Model Code (the "**Guidelines for Securities Transactions by Relevant Employee**"). The Company has not been aware of any non-compliance by employees with the Guidelines for Securities Transactions by Relevant Employee.

Corporate Governance Report

LIST OF DIRECTORS AND SENIOR MANAGEMENT

The following table sets out the information of the Directors and senior management of the Company during the Reporting Period and up to the Latest Practicable Date:

Name	Position in the Company	Date of appointment
Directors		
WANG Jianguo	Chairman of the Board and non-executive Director	November 16, 2015
XU Xiuxian	Executive Director	November 16, 2015
ZHAO Liangsheng	Executive Director	May 10, 2021
SUN Chao	Executive Director	February 10, 2023
CAI Zhongqiu	Non-executive Director	May 10, 2021
WANG Ran	Non-executive Director	November 28, 2022 (resigned on March 27, 2025)
XU Di	Non-executive Director	March 27, 2025 (resigned on November 19, 2025)
YU Lixin	Independent non-executive Director	June 17, 2022
LIU Xiangdong	Independent non-executive Director	May 10, 2021
DIAO Yang	Independent non-executive Director	November 14, 2023
Senior Management		
XU Xiuxian	Chief executive officer	December 6, 2010
YANG Pan	Senior vice president and chief operating officer	May 21, 2025
ZHAO Liangsheng	Senior vice president and chief financial officer	January 1, 2013
XING Jianhong	Senior vice president	January 4, 2015
SUN Chao	Vice president and chief technology officer	July 15, 2015
MAO Yijun	Vice president	May 21, 2025
SHEN Chunmei	Vice president and co-chief financial officer	February 24, 2025
NI Juan	Vice president and secretary of the board	September 20, 2023 (employment relationship terminated on June 30, 2025)

Biographical details of the Directors and senior management are set out in the section headed “Directors and Senior Management” of this annual report. The Board is responsible, and has the general authority for, the management and operation of the Company. The Directors are appointed for a term of three years and are eligible for re-election upon expiry of their term of office. The independent non-executive Directors shall not hold office for more than six consecutive years.

During the Reporting Period, the Board has complied with the Listing Rules in relation to the appointment of at least three independent non-executive Directors (representing at least one-third of the Board) and at least one independent non-executive Director with appropriate professional qualifications or accounting or related financial management expertise.

Corporate Governance Report

The Company has received from each of the independent non-executive Directors a written annual confirmation of his/her independence in accordance with the independence guidelines set out in Rule 3.13 of the Listing Rules. The Company considers all the independent non-executive Directors to be independent.

None of the Directors or senior management of the Company has any personal relationship (including financial, business, family or other material/relevant relationships) with any other Directors or senior management.

All Directors, including the independent non-executive Directors, bring valuable business experience, knowledge and expertise in different areas to the Board to enable its efficient and effective operation. The independent non-executive Directors are invited to serve on the Audit Committee, the Remuneration and Appraisal Committee, the Nomination Committee and the Strategy Committee.

MECHANISMS TO ENSURE INDEPENDENT VIEWS

The Company ensures independent views and input are available to the Board via the below mechanisms:

1. The Board composition and the independence of the independent non-executive Directors, in particular the proportion of independent non-executive Directors, should be reviewed by the Nomination Committee on an annual basis.
2. A written confirmation was received by the Company under Rule 3.13 of the Listing Rules from each of the independent non-executive Directors in relation to his/her independence to the Company. The Company considers all independent non-executive Directors to be independent.
3. In view of good corporate governance practices and to avoid conflict of interests, the Directors who are also directors and/or senior management of the Company's single largest Shareholder and/or certain subsidiaries of the single largest Shareholder, would abstain from voting in the relevant Board resolutions in relation to the transactions with the single largest Shareholder and/or associates.
4. The chairman of the Board shall meet with independent non-executive Directors at least once annually.
5. All members of the Board can seek independent professional advice when necessary to perform their responsibilities in accordance with the Company's policy.

The Board shall conduct an annual review of the mechanisms for ensuring the introduction of independent views to the Board, including but not limited to the proportion, appointment and independence of independent non-executive Directors, their contributions, and the availability of external independent professional advice. As part of its regular review, the Board has reviewed the implementation of the above mechanisms for the Year and is of the view that they are effective.



Corporate Governance Report

BOARD RESPONSIBILITIES AND DELEGATION OF AUTHORITY

The Board is responsible for the leadership and control of the Company, directing and supervising the affairs of the Company and acting in the best interests of the Company and the Shareholders.

The Board is responsible for and has general authority over the management and operation of the business of the Company, including the determination of the business of the strategy and investment plans, the implementation of resolutions passed at general meetings and the exercise of other powers, functions and duties conferred by Articles of Association. The Board is also responsible for formulating and reviewing the Company's policies and practices with respect to corporate governance, risk management and internal controls, and legal and regulatory compliance.

The Board stands at the core of the Company's corporate governance structure and there is a clear division of responsibilities between the Board and the senior management. The Company has clearly delineated the responsibilities of the general meeting, the Board, and the senior management. The general meeting is the highest authority of the Company, and the Board is accountable to the general meeting. The Board has established five specialized committees, which operate under the leadership of the Board and advise the Board on its decisions. Under the leadership of the Board, the senior management is responsible for the implementation of the Board's resolutions and for the daily operations and management of the Company, and reports to the Board.

CHAIRMAN OF THE BOARD AND CHIEF EXECUTIVE OFFICER

The roles of the chairman and chief executive officer are separate and are not performed by the same individual as this ensures better checks and balances and hence better corporate governance. Mr. WANG Jianguo holds the position of the chairman of the Board, who is primarily responsible for the strategic development of the Group. Mr. XU Xiuxian serves as the chief executive officer, who is primarily responsible for the overall management and operation of the Group.

Corporate Governance Report

BOARD DIVERSITY POLICY

In accordance with Rule 13.92 of the Listing Rules, the Nomination Committee shall formulate a policy concerning diversity of the Board members. In formulating its nomination policy, the Company has created measurable targets in the following areas, including expertise, experience, knowledge, professional skills, education background, independence, age, etc. In doing so, the Company can ensure the Directors reach the eligible level in terms of their expertise, industrial experience, education background, independence, age and other factors, which enable them to make corresponding contributions to the Board whenever necessary and practicable. With regards to gender diversity on the Board, our board diversity policy further provides that the Board shall take opportunities to increase the proportion of female members over time when selecting and making recommendations on suitable candidates for Board appointments. The Board would ensure that appropriate balance of gender diversity is achieved with reference to stakeholders' expectation and international and local recommended best practices, with the ultimate goal of bringing the Board to gender parity. Going forward and with a view to developing a pipeline of potential successors to the Board that may meet the targeted gender diversity ratio set out below, the Company will:

- (i) continue to make appointments based on merits with reference to board diversity as a whole;
- (ii) take steps to promote gender diversity at all levels of the Company by recruiting staff of different genders;
- (iii) consider the possibility of nominating female management staff who has the necessary skills and experience to the Board; and
- (iv) provide career development opportunities and more resources in training female staff with the aim of promoting them to the senior management or board of the Company so that we will have a pipeline of female senior management and potential successors to the Board in a few years' time.

Nomination Committee is responsible for ensuring diversity within the Board members and will use its best efforts to identify and recommend suitable candidates, including female candidates, for the Board's consideration. We also welcome candidates of different genders to apply for our mid to senior level positions. The ultimate decision of the appointment will be based on merits and the contribution the selected candidates could bring to the Board and management team. The Board believes that such merit-based selection criteria will best enable the Company to serve the Shareholders and other stakeholders going forward. The Board and the Nomination Committee regularly review its nomination policy and are open to adopt measurable objectives based on the Company's future business needs while aligning with the current statutory requirements and sound corporate governance.

At present, members of our Board consisted of 1 female and 7 males, aged from 38 to 65 and with education background and professional experience covering management, economy, finance, law, accounting, etc. The Company has fully considered the diversified requirements of Board members in terms of gender, age, region, education background and professional experience. The Company confirmed that the composition of the Board satisfies the requirements regarding diversity of board of directors (including gender diversity) set out in the Listing Rules. In the future, the Company will continue to identify and appoint female Director, with appropriate qualification and experience, in the Board. The Directors will exercise fiduciary duties in the process, acting in the best interests of the Company and the Shareholders as a whole when making the relevant appointments.

In addition to the Board level, the Company also attaches importance to diversity at all employee levels (including gender diversity). For information on all employees (including senior management), such as gender ratios, please refer to the section headed "Relationship with Stakeholders – Employees" of this annual report.

Corporate Governance Report

CONTINUING PROFESSIONAL DEVELOPMENT FOR DIRECTORS

Directors shall participate in appropriate continuing professional development in accordance with code provision C.1.4 of the CG Code to develop and update their knowledge and skills to ensure informed and relevant contribution to the Board. Seminars are also arranged on a regular basis to update the Directors from time to time on the latest developments and changes in the Listing Rules and other relevant legal and regulatory requirements to ensure that they have a proper understanding of the Company's operations and business and their obligations under the relevant statutes, laws, rules and regulations. The Directors are also provided with regular updates on the performance, position and prospects of the Company to enable the Board as a whole and each of the Directors to discharge their duties. The Company's solicitors and joint company secretaries update and provide written training materials to the Directors from time to time on their roles, functions and responsibilities.

Each newly-appointed Director has been provided with necessary on-boarding training and information to ensure that he/she has an appropriate understanding of the Company's operations and business, as well as his/her responsibilities under relevant ordinances, laws, rules and regulations.

Directors are required to submit to the Company details of the training they have received in each financial year in order for the Company to keep proper training records of the Directors. During the Reporting Period, the training for Directors was as follows:

Name of Directors	Continuing Professional Development Involved ^(Note)
Chairman and Non-executive Director:	
Mr. WANG Jianguo	a,b
Executive Directors:	
Mr. XU Xiuxian	a,b
Mr. ZHAO Liangsheng	a,b
Mr. SUN Chao	a,b
Non-executive Directors:	
Mr. CAI Zhongqiu	a,b
Mr. WANG Ran (resigned on March 27, 2025)	–
Ms. XU Di (appointed on March 27, 2025 and resigned on November 19, 2025)	a,b
Independent Non-executive Directors:	
Ms. YU Lixin	a,b
Mr. LIU Xiangdong	a,b
Mr. DIAO Yang	a,b

Notes:

- a: Participating in the training offered by the law firm and related to the Company's business
- b: Reading materials on a variety of topics, including corporate governance issues, Directors' duties, Listing Rules and other relevant laws

Corporate Governance Report

Board Meetings

Notice of all regular Board meetings of the Company shall be given to all Directors at least 14 days in advance to give them an opportunity to attend the regular meetings and place matters on the agenda.

For other Board meetings and Board committee meetings, the Company generally gives a reasonable notice. The meeting agenda and accompanying Board papers are sent to the Directors or Board committee members at least three days prior to the Board meeting or Board committee meeting to ensure that the Directors have sufficient time to review the papers and are well prepared to attend the Board meeting or Board committee meeting. If a Director or Board committee member is unable to attend a meeting, he/she will be informed of the matters to be discussed and will have an opportunity to inform the chairman of his/her views prior to the meeting. Minutes of the meetings shall be kept by the joint company secretaries and copies are circulated among all Directors for information and records.

Minutes of Board meetings and Board committee meetings shall record in detail the matters considered and decisions made by the Board and Board committees, including any issues raised by the Directors. Minutes of each Board meeting and Board committee meeting are drafted and sent to the Directors for their comments within a reasonable time after the date of the meeting. Minutes of the Board meetings are open for inspection by all Directors.

During the Reporting Period, 13 Board meetings were held and 3 general meetings were convened, and the attendance records of each Director at the Board meetings and the general meetings above are as follows:

Name of Directors	Number of Meetings Attended/ Number of Meetings Eligible to Attend	
	Board meetings	General meetings
Chairman and Non-executive Director:		
Mr. WANG Jianguo	13/13	3/3
Executive Directors:		
Mr. XU Xiuxian	13/13	3/3
Mr. ZHAO Liangsheng	13/13	3/3
Mr. SUN Chao	13/13	3/3
Non-executive Directors:		
Mr. CAI Zhongqiu	13/13	3/3
Mr. WANG Ran (resigned on March 27, 2025)	1/1	1/1
Ms. XU Di (appointed on March 27, 2025 and resigned on November 19, 2025)	12/12	1/1
Independent Non-executive Directors:		
Ms. YU Lixin	13/13	3/3
Mr. LIU Xiangdong	13/13	3/3
Mr. DIAO Yang	13/13	3/3

During the Board meetings, the senior management of the Company provides the Directors with information on the business activities and development of the Company in a timely manner. The Executive Directors also frequently communicate with the non-executive Directors to obtain their views on the Company's business development and operations.

Corporate Governance Report

BOARD COMMITTEES

In accordance with relevant PRC laws, regulations, the Articles of Association and the corporate governance practice prescribed in the Listing Rules, we have formed five Board committees, namely the Strategy Committee, the Audit Committee, the Nomination Committee, the Remuneration and Appraisal Committee and the Sustainable Development (ESG) Committee.

STRATEGY COMMITTEE

The Strategy Committee consists of three Directors, including a non-executive Director, an executive Director and an independent non-executive Director, namely Mr. WANG Jianguo, Mr. XU Xiuxian and Mr. LIU Xiangdong. Mr. WANG Jianguo serves as the chairman of the committee. The primary duties of the Strategy Committee include (but are not limited to):

1. studying and regularly advising on our business objectives and medium to long-term development strategy in accordance with operation and the changes in the market;
2. reviewing annual business plans and any material change or adjustment in implementation and advise the Board accordingly;
3. regularly assessing and inspecting the implementation of the above issues after they have been approved by the Board and report to the Board; and
4. handling other matters required by laws, regulations, rules, normative documents, regulatory rules of the jurisdictions where the shares of the Company are listed, the Articles of Association or as authorised by the Board.

During the Reporting Period, the Strategy Committee held 2 meetings. The main tasks of the Strategy Committee in 2025 included the following:

- Review the report on the implementation of the development and investment plan for 2024; and
- Review the development and investment plan for 2026.

The following is the attendance of each member during the Reporting Period:

Name of Directors	Number of Meetings Attended/Number of Meetings Eligible to Attend
Mr. WANG Jianguo (Chairman)	2/2
Mr. XU Xiuxian	2/2
Mr. LIU Xiangdong	2/2

Corporate Governance Report

AUDIT COMMITTEE

The Audit Committee consists of three Directors, including three independent non-executive Directors, namely Ms. YU Lixin, Mr. LIU Xiangdong and Mr. DIAO Yang. Ms. YU Lixin serves as the chairlady of the committee. The primary duties of the Audit Committee of the Company include (but are not limited to):

1. to exercise the power of the Board of Supervisors as stipulated in the Company Law;
2. to review annually the performance of the external audit firm, submit a summary of the annual audit work of the Company conducted by the external audit firm during the Year to the Board and make proposals to the Board in respect of the appointment, re-appointment or dismissal of the external audit firm as well as the remuneration for auditing service, terms of engagement etc., and deal with matters related to the resignation or dismissal of the external audit firm;
3. to communicate between the Company's internal audit department and external audit firm;
4. to, on an as-needed basis, formulate and implement policy on the provision of non-audit services by the external audit firm (including its affiliates);
5. to review the Company's accounting policies, financial position, financial reporting procedures and financial controls; to review completeness, accuracy and fairness of the financial statements, the quarterly (if any), half-year and annual reports and accounts of the Company and review significant financial reporting comments contained therein, as well as the disclosure of the Company's financial information;
6. to discuss with the external auditor about issues and areas of concern arising from the audit on half-year and full-year accounts of the Company and any other matters that the external auditor may wish to discuss;
7. to examine the financial policies, internal audit system, internal control system and risk management system of the Company and provide opinions and recommendations for improvements;
8. to establish relevant procedures and ensure the impartial and independent investigation and resolution of the matters;
9. to advise and ensure that the Board takes effective remedial measures for the Company's failure to comply with the requirements of the Listing Rules regarding the establishment of an audit committee;
10. to complete other tasks assigned by the Board;
11. to discharge other duties imposed by the laws, regulations and normative documents, regulatory bodies including the Hong Kong Stock Exchange and the Securities and Futures Commission of Hong Kong, as well as the Articles of Association and the rules of procedures of the Board;
12. to develop and review the Company's policies and practices on corporate governance and make recommendations to the Board;
13. to review and monitor the training and continuous professional development of the Directors and senior management;
14. to review and monitor the Company's policies and practices on compliance with legal and regulatory requirements;
15. to supervise the work of the Company's internal audit department and to make recommendations on the appraisal of and changes to the head of the Company's internal audit department;
16. to supervise potential improper practices in financial reporting, internal control or other matters by the Company's employees; and
17. to review the Company's compliance with the CG Code and disclosure in the Corporate Governance Report.

Corporate Governance Report

During the Reporting Period, the Audit Committee held 9 meetings. The Audit Committee's major work in 2025 includes the following:

- reviewing the 2024 annual report, including the Corporate Governance Report, the ESG Report, the Report of the Board and the financial statements, as well as the related results announcement;
- reviewing the 2025 interim report and interim results announcement;
- reviewing the 2024 internal control self-evaluation report and 2025 internal audit work plan, etc.;
- in relation to the external auditor, reviewing their plans, reports and management letter, fees, involvement in non-audit services, and their terms of engagement;

The following is the attendance of each member during the Reporting Period:

Name of Directors	Number of Meetings Attended/Number of Meetings Eligible to Attend
Ms. YU Lixin (Chairlady)	9/9
Mr. LIU Xiangdong	9/9
Mr. DIAO Yang	9/9

NOMINATION COMMITTEE

The Nomination Committee consists of three Directors, including an executive Director and two independent non-executive Directors, namely Mr. XU Xiuxian, Ms. YU Lixin, and Mr. LIU Xiangdong. Ms. YU Lixin acts as the chairlady of this committee. The primary duties of the Nomination Committee include (but are not limited to):

1. to consider and draw up the criteria and procedures for selecting Directors and senior management and make recommendations thereon to the Board. Factors to be considered include but are not limited to culture, education background and experience of occupation;
2. to identify qualified candidates for directorship and recommend candidates to the Board, and examine the candidates running for the positions of the Directors (especially the chairman of the Board) and make recommendations thereon;
3. to identify candidates for senior management, exam the candidates running for the positions of the senior management of the Company (especially the general manager) and make recommendations thereon;
4. to review the independence of the independent non-executive Directors;
5. to review the structure, size and composition (including the skills, knowledge and experience) of the Board at least once a year, assist the Board in preparing the Board skills matrix and make recommendations to the Board on any proposed change to the Board to implement the Company's strategies, and to assess the structure of the committees under the Board, recommend members to the relevant committees from the Directors, and submit to the Board for approval;

Corporate Governance Report

6. to establish the plan for reserving potential Directors and senior management and make updates from time to time;
7. to evaluate the performance of the Directors and make advice or recommendations on the replacement, reappointment or succession of Directors (including the chairman and the chief executive officer) based on the evaluation results;
8. to formulate and (as appropriate) review and implement the policy on Board diversity from time to time adopted by the Board, and to review the progress on achieving the objectives and make disclosure of the relevant policy reviewed by the Committee or its summary in the annual report of the Company; and
9. to support the Company in regularly assessing the performance of the Board.
10. other matters required by relevant laws, administrative regulations, the Listing Rules and the Articles of Association and authorized by the Board.

During the Reporting Period, the Nomination Committee held 2 meetings. The main tasks of the Nomination Committee in 2025 included the following:

- Review the structure, size, composition and member diversity of the Board;
- Review the independence of independent non-executive Directors; and
- Search for and identify qualified Director candidates and submit nomination recommendations to the Board.

The following is the attendance of each member during the Reporting Period:

Name of Directors	Number of Meetings Attended/Number of Meetings Eligible to Attend
Mr. DIAO Yang (Chairman) (resigned on May 21, 2025)	2/2
Ms. YU Lixin (Chairlady) (appointed on May 21, 2025)	0/0
Mr. LIU Xiangdong	2/2
Mr. XU Xiuxian	2/2

Nomination Procedures

The Company has also adopted procedures for nomination and election of Directors. The policy sets out the criteria and procedures for selection and performance evaluation and provides guidance to the Board on the nomination and appointment of Directors of the Company. The Board believes that a clear selection process facilitates corporate governance, ensures the continuity of Board, maintains the leadership of Board, and enhances the efficiency and diversity of the Board.

Both the Nomination Committee and the Board can nominate candidates for Directors. When evaluating the suitability of recommended candidates and their potential contributions to the Board, the Nomination Committee may refer to certain selection criteria such as integrity, professional qualifications and skills, achievements and experience in the Internet and technology fields, commitment and related contributions. The Nomination Committee shall report the evaluation results to the Board on the appointment of suitable Director candidates and provide relevant recommendations for the Board to make decisions and formulate a general election plan. The Board shall bear the ultimate responsibility for the selection and appointment of Directors.

Corporate Governance Report

REMUNERATION AND APPRAISAL COMMITTEE

The Remuneration and Appraisal Committee consists of three Directors, including one executive Director and two independent non-executive Directors, namely Mr. XU Xiuxian, Mr. LIU Xiangdong, and Ms. YU Lixin. Mr. LIU Xiangdong serves as the chairman of the committee. The primary duties of the Remuneration and Appraisal Committee include (but are not limited to):

1. to formulate remuneration policy, make recommendations to the Board and oversee the implementation in respect of the overall remuneration policy and structure of the Directors and senior management (including but not limited to the performance appraisal criteria, procedures and key appraisal system, and major incentive and penalty plans and systems, etc.) and setting up formal and transparent procedures, based on the major scope, responsibility and importance of the respective positions of the Directors and senior management and the remuneration of the same position paid by comparable companies;
2. to review and approve proposals on management's remuneration according to the corporate goals and objectives developed by the Board;
3. to examine the performance of duties by the Directors and senior management of the Company, conduct annual performance appraisals of them, and formulate annual incentives schemes which shall be submitted to the Board for approval and implementation;
4. to supervise the implementation of the remuneration system of the Company;
5. to recommend to the Board the remuneration packages offered to individual executive Directors and senior management, including benefits in kind, pension and compensation (including compensation paid for loss or termination of office or appointment), and to recommend to the Board concerning remuneration offered to non-executive Directors;
6. to consult the chairman of the Board or the general manager in respect to the compensation proposed for other executive Directors. The Remuneration and Appraisal Committee shall seek independent professional opinions if necessary;
7. to consider salaries paid by comparable companies, time commitment and responsibilities, and employment conditions elsewhere in the Group;
8. to review and approve compensation payable to the executive Directors and senior management for any loss or termination of office or appointment to ensure that it is consistent with contractual terms and is otherwise fair and not excessive;
9. to review and approve compensation arrangements relating to dismissal or removal of the Directors for misconduct to ensure that they are consistent with contractual terms and are otherwise reasonable and appropriate;
10. to ensure that any Directors or his/her associate(s), as defined in the Listing Rules, shall not participate in determining his/her own remuneration, and that the remuneration of non-executive Directors who are also members of the Remuneration and Appraisal Committee shall be determined by other members of the Remuneration and Appraisal Committee;

Corporate Governance Report

11. to review incentives schemes and Directors' service contracts;
12. to review and approve matters relating to share schemes under Chapter 17 of the Listing Rules; and
13. other matters required by laws, regulations, department rules, relevant regulatory rules of the securities regulatory authorities and the stock exchanges in the place where the Company's securities are listed and authorized by the Board.

During the Reporting Period, the Remuneration and Appraisal Committee held 5 meetings. The Remuneration and Appraisal Committee's major work in 2025 includes the following:

- reviewing and recommending to the Board in respect of the remuneration policies and structure of the Company to ensure that the Company's remuneration packages are competitive to recruit the best talents in the industry and to retain key staff;
- reviewing and recommending to the Board on the remuneration packages for the Directors;
- assessing performance and, reviewing and approving adjustments to the remuneration packages for the members of the senior management team;
- reviewing and approving compensation awards granted to senior management team, recognising their contributions to the Company and providing incentives for future performances;
- reviewing and approving the grant of RSUs; and
- reviewing and approving matters related to the Share Option Scheme.

The following is the attendance of each member during the Reporting Period:

Name of Directors	Number of Meetings Attended/Number of Meetings Eligible to Attend
Mr. XU Xiuxian	5/5
Mr. LIU Xiangdong (Chairman)	5/5
Ms. YU Lixin	5/5

SUSTAINABLE DEVELOPMENT (ESG) COMMITTEE

To further improve the Company's governance structure, continuously optimize its environmental, social, and governance ("ESG") capabilities, and enhance the quality of ESG-related work, the Board has resolved to establish the ESG Committee, effective from March 27, 2025. The ESG Committee is primarily responsible for studying on the sustainable development and ESG matters of the Company, and making recommendations to the Board.

Corporate Governance Report

The Sustainable Development (ESG) Committee consists of three Directors, including one non-executive Director and two executive Directors, namely Mr. WANG Jianguo, Mr. XU Xiuxian, and Mr. SUN Chao. Mr. WANG Jianguo serves as the chairman of the committee. The primary duties of the Sustainable Development (ESG) Committee include (but are not limited to):

1. to study and develop the Company's visions, objectives, strategies and management systems in relation to sustainable development and ESG to ensure that they are in line with the Company's strategic planning needs and comply with laws, regulations and regulatory requirements;
2. to identify key stakeholders and ESG issues of the Company, study and make recommendations on related sustainable development business with the Company's stakeholders;
3. to review and assess the implementation of sustainable development, ESG and other long-term corporate strategies to ensure that the Company's performance, operations and management are consistent with these strategies;
4. to follow up and inspect the implementation of the Company's sustainable development and ESG work and make recommendations to the Board on actions needed to improve ESG performance;
5. to review major trends in sustainable development and ESG, identify and assess risks and opportunities related to sustainable development and ESG issues, and ensure that the Company's position and performance related to sustainable development and ESG issues comply with relevant regulations and standards;
6. to review the Company's annual environmental, social and governance reports and other information that should be disclosed related to sustainable development and ESG and make recommendations to the Board;
7. to study and make recommendations to the Board on other major issues affecting the sustainable development of the Company; and
8. other matters authorized by the Board.

During the Reporting Period, the Sustainable Development (ESG) Committee held two meetings. The main tasks of the Sustainable Development (ESG) Committee in 2025 include the following:

- Review the 2024 Environmental, Social and Governance report; and
- Review the disclosure of the Sustainable Development (ESG) section on the Company's official website.

The following is the attendance of each member during the Reporting Period:

Name of Directors	Number of Meetings Attended/Number of Meetings Eligible to Attend
Mr. WANG Jianguo (Chairman)	2/2
Mr. XU Xiuxian	2/2
Mr. SUN Chao	2/2

Corporate Governance Report

RISK MANAGEMENT AND INTERNAL CONTROL

The Board has established a risk management and internal control system in accordance with the requirements of the CG Code, and is responsible for independently reviewing the adequacy and effectiveness of the Company's risk management and internal control system, continuously monitoring and reviewing the effectiveness of its operation at least once a year. The system is designed to manage, rather than eliminate, the risk of failure to achieve business objectives, promote effective and efficient operations, provide reasonable assurance of financial reporting reliability and compliance with applicable laws and regulations, and safeguard the Company's assets. The Board can only make reasonable but not absolute assurances that there will be no material misrepresentation or loss.

Characteristics of risk management and internal control organizational system

The Company has established a sound risk management and internal control organizational system, including the Board, the Audit Committee, the Company's management, office of the Board, internal control management center and other departments according to the requirements of code provision D.2 of the CG Code, so as to ensure that the Company has sufficient resources, employee qualifications and experience, sufficient training courses and relevant budget.

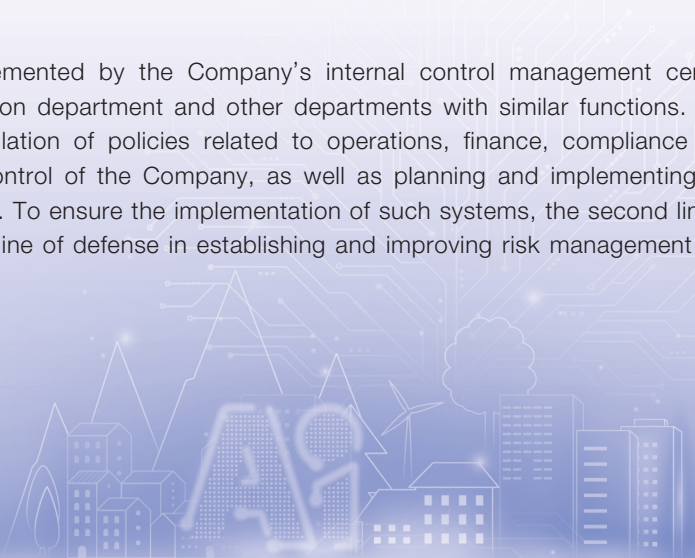
The Company has formulated risk management policies and procedures, clarified the risk management structure and responsibility permissions, established three lines of defense for risk management and control, identified major risks that hinder the realization of objectives, and controlled them within acceptable levels to ensure the achievement of business objectives, the improvement of operational efficiency, and the reliability of financial reports and compliance with national regulations and other compliance requirements.

First line of defense:

The first line of defense is mainly implemented by the Company's business departments, which are responsible for daily operations and for designing and implementing control measures to address risks.

Second line of defense:

The second line of defense is mainly implemented by the Company's internal control management center, financial management center, system operation department and other departments with similar functions. This line of defense is responsible for the formulation of policies related to operations, finance, compliance and litigation, information security and internal control of the Company, as well as planning and implementing the construction of the overall risk control system. To ensure the implementation of such systems, the second line of defense also assists and supervises the first line of defense in establishing and improving risk management and internal control systems.



Corporate Governance Report

Third line of defense:

The third line of defense mainly consists of the internal audit team and the Audit Committee. The Board shall assume the ultimate responsibility for the establishment and improvement of the Company's risk management and internal control system and the effective implementation of risk management, and shall serve as the highest decision-making body for the risk management and internal control of the Company.

The Board has reviewed the risk management and internal monitoring during the Reporting Period, which covers all important monitoring aspects, including financial monitoring, operational monitoring, and compliance monitoring. The results of the Company's risk management and internal control during the Reporting Period show that the Company does not have any major risk monitoring errors, nor does it find any major risk monitoring weaknesses. The Board considers that the risk management and internal control systems of the Company are effective and adequate.

The Company has put in place appropriate internal control procedures and guidelines to avoid improper handling of inside information which may constitute insider trading or breach of any other statutory duty. At any time, access to inside information is limited to the relevant personnel (i.e. the Directors, senior management and relevant employees of the Company) and as the situation requires until it is disclosed or released in accordance with applicable laws and regulations. Directors, senior management and relevant employees of the Company who are in possession of potential inside information and/or inside information are required to take reasonable steps to ensure that adequate safeguards are in place to ensure the strict confidentiality of inside information and that recipients understand their responsibility to keep the information confidential.

DIRECTORS' RESPONSIBILITY FOR THE FINANCIAL STATEMENTS

The Directors acknowledge their responsibility for preparing the consolidated financial statements of the Company for the year ended December 31, 2025.

The Board shall be responsible for presenting a clear and understandable assessment of annual and interim reports, inside information announcements and other disclosures required under the Listing Rules and other regulatory requirements. The senior management has provided to the Board such interpretations and information as are necessary to enable the Board to carry out an informed assessment of the Company's consolidated financial statements and position, which are submitted to the Board for approval.

The Directors are not aware of any event or circumstance of material uncertainties that may cast significant doubt on the Company's ability to continue as a going concern.

The auditor's statement of reporting responsibilities on the Company's consolidated financial statements for the year ended December 31, 2025 is set out in the section headed "Independent Auditor's Report" of this annual report.

Corporate Governance Report

AUDITOR'S REMUNERATION

The auditor's remuneration for audit and non-audit services provided to the Company during the year ended December 31, 2025 is set out below:

Service categories	Amount (RMB'000)
Audit services	7,500
Non-audit services	296
Total	7,796

Note: Non-audit services are mainly Hong Kong profits tax declaration service and other assurance services.

JOINT COMPANY SECRETARIES

Ms. TANG Min, the joint company secretary, is responsible for advising the Board on corporate governance matters and ensuring that the Board policy and procedures, and the applicable laws, rules and regulations are followed. In February 2025, Ms. TANG Min received approval from the Stock Exchange confirming her eligibility to serve as the company secretary to the Company under Rules 3.28 and 8.17 of the Listing Rules.

In order to uphold good corporate governance and ensure compliance with the Listing Rules and applicable Hong Kong laws, the Company also engages Ms. AU Wai Ching from SWCS Corporate Services Group (Hong Kong) Limited, which is a corporate service provider, as one of its joint company secretaries to assist Ms. TANG Min to discharge her duties as company secretary of the Company. The key contact of Ms. AU Wai Ching in the Company is Ms. TANG Min.

Details of the biographies of Ms. TANG Min and Ms. AU Wai Ching are as follows:

Ms. TANG Min has been one of the joint company secretaries of the Company since January 2022. Ms. Tang is currently the deputy director of the office of the secretary of the Board. She joined the Group in April 2013 and is primarily responsible for capital financing of the Company. She served as a financial accountant of Jiangsu Shangfa Home Appliances Co., Ltd. (江蘇商發家電有限公司) from June 1997 to November 2001 and a senior financial supervisor of Pentagon Freight Services (Singapore) Private Limited (新加坡五角貨運有限公司) from October 2009 to January 2011. Ms. TANG obtained a bachelor's degree with honors in Applied Accounting from Oxford Brookes Business School in the UK in July 2009. She completed Fundamentals Level of the ACCA examinations in December 2008.

Ms. AU Wai Ching has been one of the joint company secretaries of the Company since January 2022. Ms. Au is a senior manager of SWCS Corporate Services Group (Hong Kong) Limited, which is a corporate service provider. She is a fellow member of the Hong Kong Chartered Governance Institute and the Chartered Governance Institute in the United Kingdom. She obtained her bachelor's degree in business administration and her master's degree in corporate governance from the City University of Hong Kong.

For the year ended December 31, 2025, Ms. TANG Min and Ms. AU Wai Ching have participated in relevant professional training for no less than 15 hours to comply with Rule 3.29 of the Listing Rules.

Corporate Governance Report

COMMUNICATION WITH SHAREHOLDERS AND INVESTOR RELATIONS

The Company considers that effective communication with Shareholders is essential for enhancing investor relations and understanding of the Group's business, performance and strategies. The Company also recognizes the importance of timely and non-selective disclosure of information to enable the Shareholders and investors to make informed investment decisions.

The annual general meeting of the Company provides an opportunity for the Shareholders to communicate directly with the Directors. The chairman of the Board, and the chairmen of the Board committees will attend the annual general meeting to answer the Shareholders' questions. Auditors will also attend the annual general meeting to answer questions on the conduct of the audit, the preparation and content of the auditor's reports, the accounting policies and auditors' independence.

To promote effective communication and establish a two-way relationship and communication between the Company and the Shareholders, the Company adopts a Shareholders' communication policy and maintains a website at (www.htd.cn), where up-to-date information on the Company's business operations and developments, financial information, corporate governance practices and other information are available for public access.

The Company endeavours to maintain an ongoing dialogue with Shareholders and in particular, through annual general meetings and other general meetings.

During the Reporting Period, the Company actively expanded the communication channels with investors, and maintained good communication and interaction with investors through various forms such as results briefings, operation tracking exchange meetings, investor reception day and large-scale offline exchange activities, brokerage strategy meetings, and analyst surveys. In addition, the Company responded to investors' questions in time through the investor relationship hotline and email, and submitted reasonable suggestions to the management.

Shareholders' Communication Policy

The Company has established a Shareholders' communication policy to ensure that Shareholders' comments and concerns are properly addressed. The Board shall review the policy on an annual basis to ensure its effectiveness.

As part of its regular review, the Board has reviewed the Shareholders' communication policy for the Year and is of the view that it is effective and adequately implemented.

Corporate Governance Report

Shareholders' Rights

According to the Articles of Association, the procedures for Shareholders to convene an extraordinary general meeting, to make inquiries and to put forward proposals at the general meeting are as follows:

1) *Convene an extraordinary general meeting*

Shareholders who individually or collectively hold more than 10% of the Company's Shares may sign one or several written requests in the same format to request the Board to convene an extraordinary general meeting, and clarify the topics of the meeting. The Board shall, in accordance with the provisions of laws, administrative regulations, the Listing Rules and the Articles of Association of the Company, provide written feedback on whether or not to agree to hold an extraordinary general meeting within 10 days after receiving the request.

If the Board agrees to convene an extraordinary general meeting, a notice of the meeting shall be issued within 5 days after the resolution of the Board is passed. Changes made to the original request in the notice shall be approved by relevant Shareholders.

If the Board does not agree to hold the extraordinary general meeting or fails to give a reply within 10 days after receipt of the proposal, Shareholder(s) individually or collectively holding no less than 10% of the Shares of the Company shall be entitled to propose in writing to the Audit Committee to convene an extraordinary general meeting.

If the Audit Committee agrees to convene the extraordinary general meeting, it shall serve a notice of such meeting within 5 days after receipt of the said request. In the event of any change to the original proposal, the consent of relevant Shareholder(s) shall be obtained. If the Audit Committee fails to issue the notice for the Shareholders' general meeting within the specified time, the Audit Committee shall be deemed as failing to convene or preside over the general meeting. Shareholder(s) individually or collectively holding no less than 10% Shares of the Company for no less than 90 consecutive days may convene and preside over such meeting on themselves.



Corporate Governance Report

2) *Make enquiries to the Board*

Shareholders who intend to make enquiries about the Company to the Board may send their enquiries to the investor relations department of the Company by email at ir@htd.cn. The Company will not handle verbal or anonymous enquiries in general.

3) *Make recommendations to the general meeting*

Shareholder(s) who individually or collectively hold more than 1% of the Company's Shares may put forward an interim proposal and submit it to the convener in writing 10 days before the general meeting. At that time, the interim proposal should have clear topics and specific resolutions. The convener shall issue a supplementary notice of the general meeting within 2 days after receiving the proposal, notify other Shareholders and submit the interim proposal to the general meeting for consideration.

A written notice shall be given at least 20 days prior to the convening of the annual general meeting, and at least 15 days prior to the convening of the extraordinary general meeting. Where laws, regulations and the securities regulatory authority of the place where the Company's shares are listed provide otherwise, such provisions shall prevail.

To safeguard Shareholders' interests and rights, a separate resolution will be proposed for each matter at general meetings, including the election of individual Directors.

All resolutions put forward at general meetings will be voted on by poll pursuant to the Listing Rules and poll results will be posted on the websites of the Company and the Hong Kong Stock Exchange in a timely manner after each general meeting.

AMENDMENT OF THE ARTICLES OF ASSOCIATION

The Company held the 2025 second extraordinary general meeting on December 19, 2025, at which the amendments to the Articles of Association were considered and approved, with effect from December 19, 2025. For details, please refer to the circular of the Company dated December 2, 2025 and the poll results announcement dated December 19, 2025.

The latest Articles of Association were published on the website of the Hong Kong Stock Exchange on December 19, 2025.

Independent Auditor's Report

Independent auditor's report to the shareholders of

匯通達網絡股份有限公司 Huitongda Network Co., Ltd.

(Incorporated in the People's Republic of China with limited liability)

OPINION

We have audited the consolidated financial statements of 匯通達網絡股份有限公司 Huitongda Network Co., Ltd. (“**the Company**”) and its subsidiaries (“**the Group**”) set out on pages 92 to 196, which comprise the consolidated statement of financial position as at December 31, 2025, the consolidated statement of profit or loss, the consolidated statement of profit or loss and other comprehensive income, the consolidated statement of changes in equity and the consolidated cash flow statement for the year then ended and notes, comprising material accounting policy information and other explanatory information.

In our opinion, the consolidated financial statements give a true and fair view of the consolidated financial position of the Group as at December 31, 2025 and of its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with IFRS Accounting Standards as issued by the International Accounting Standards Board (“**IASB**”) and have been properly prepared in compliance with the disclosure requirements of the Hong Kong Companies Ordinance.

BASIS FOR OPINION

We conducted our audit in accordance with Hong Kong Standards on Auditing (“**HKSAs**”) as issued by the Hong Kong Institute of Certified Public Accountants (“**HKICPA**”). Our responsibilities under those standards are further described in the *Auditor's responsibilities for the audit of the consolidated financial statements* section of our report. We are independent of the Group in accordance with the HKICPA's *Code of Ethics for Professional Accountants* (“**the Code**”), as applicable to audits of financial statements of public interest entities. We have also fulfilled our other ethical responsibilities in accordance with the Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.



Independent Auditor's Report

KEY AUDIT MATTER

Key audit matter is the matter that, in our professional judgement, was of most significance in our audit of the consolidated financial statements of the current period. This matter was addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on this matter.

Recognition of revenue from merchandise sales	
<i>Refer to Note 4 to the consolidated financial statements and the accounting policies on pages 120 to 121.</i>	
The Key Audit Matter	How the matter was addressed in our audit
<p>The principal activities of the Group are sales of a comprehensive suite of merchandise in lower tier cities and rural areas in the PRC and provision of intelligent business and marketing subscription service, offering merchant solutions and rendering other various related services.</p> <p>The Group recognized revenue from merchandise sales of RMB51,529 million for the year ended December 31, 2025. Management evaluates the terms of individual contracts to determine the Group's performance obligations and appropriate timing of revenue recognition.</p> <p>Revenue from merchandise sales is recognized at the point in time when the control of the merchandise has been transferred to customers, being when the goods are delivered and accepted.</p>	<p>Our audit procedures to assess the recognition of revenue from merchandise sales included the following:</p> <ul style="list-style-type: none"> obtaining an understanding of and assessing the design, implementation and operating effectiveness of management's key internal controls in relation to revenue recognition; for selected sales contracts, inspecting and understanding the terms of the sales transactions including the terms of delivery and acceptance and any sales return, rebate and/or discount arrangements to assess if the Group's revenue recognition accounting policy was in accordance with the requirements of the prevailing accounting standards; comparing sales transactions recorded during the year, on a sample basis, with invoices, sales contracts, and customer acceptance records, where appropriate, to assess whether the related revenue was recognized in accordance with the Group's revenue recognition accounting policy;

Independent Auditor's Report

KEY AUDIT MATTER (CONTINUED)

Recognition of revenue from merchandise sales	
<i>Refer to Note 4 to the consolidated financial statements and the accounting policies on pages 119 to 120.</i>	
The Key Audit Matter	How the matter was addressed in our audit
<p>We identified the recognition of revenue from merchandise sales as a key audit matter because revenue generated therefrom accounts for the majority of the Group's revenue and involves large number of individual sales orders and because revenue is one of the key performance indicators of the Group which increases the risk of misstatement of the timing and amount of revenue recognized by management to meet specific targets or expectations.</p>	<ul style="list-style-type: none"> confirming, on a sample basis, the amount of sales transactions for the year ended December 31, 2025 directly with customers and inspecting underlying documentation relating to reconciling differences between the transaction amounts confirmed by customers and the Group's accounting records; comparing, on a sample basis, specific revenue transactions recorded before and after the year end date with the underlying sales contracts, customer acceptance records and other relevant supporting documents to determine whether the related revenue had been recognized in the appropriate financial year; and inspecting manual adjustments to revenue during the financial year which met specific risk-based criteria, enquiring of management about the reasons for such adjustments and comparing details of the adjustments with relevant underlying documentation.



Independent Auditor's Report

INFORMATION OTHER THAN THE CONSOLIDATED FINANCIAL STATEMENTS AND AUDITOR'S REPORT THEREON

The directors are responsible for the other information. The other information comprises all the information included in the annual report, other than the consolidated financial statements and our auditor's report thereon.

Our opinion on the consolidated financial statements does not cover the other information and we do not express any form of assurance conclusion thereon as part of our engagement to audit the consolidated financial statements. We have been engaged to perform an assurance engagement on the disclosed continuing connected transactions that form part of the other information and provide a separate assurance practitioner's conclusion thereon.

In connection with our audit of the consolidated financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

RESPONSIBILITIES OF THE DIRECTORS FOR THE CONSOLIDATED FINANCIAL STATEMENTS

The directors are responsible for the preparation of the consolidated financial statements that give a true and fair view in accordance with IFRS Accounting Standards as issued by the IASB and the disclosure requirements of the Hong Kong Companies Ordinance and for such internal control as the directors determine is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, the directors are responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Group or to cease operations, or have no realistic alternative but to do so.

The directors are assisted by the Audit Committee in discharging their responsibilities for overseeing the Group's financial reporting process.

Independent Auditor's Report

AUDITOR'S RESPONSIBILITIES FOR THE AUDIT OF THE CONSOLIDATED FINANCIAL STATEMENTS

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. This report is made solely to you, as a body, and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the contents of this report.

Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with HKSAAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

As part of an audit in accordance with HKSAAs, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.
- Conclude on the appropriateness of the directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.



Independent Auditor's Report

AUDITOR'S RESPONSIBILITIES FOR THE AUDIT OF THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Plan and perform the group audit to obtain sufficient appropriate audit evidence regarding the financial information of the entities or business units within the Group as a basis for forming an opinion on the group financial statements. We are responsible for the direction, supervision and review of the audit work performed for purposes of the group audit. We remain solely responsible for our audit opinion.

We communicate with the Audit Committee regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide the Audit Committee with a statement that we have complied with relevant ethical requirements regarding independence and communicate with them all relationships and other matters that may reasonably be thought to bear on our independence and, where applicable, actions taken to eliminate threats or safeguards applied.

From the matters communicated with the Audit Committee, we determine those matters that were of most significance in the audit of the consolidated financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

The engagement partner on the audit resulting in this independent auditor's report is Chan Ting Yuen (practising certificate number: P06379).

KPMG

Certified Public Accountants

8th Floor, Prince's Building
10 Chater Road
Central, Hong Kong

March 30, 2026

Consolidated Statement of Profit or Loss

For the year ended December 31, 2025
(Expressed in Renminbi)

	Note	2025	2024
		RMB'000	RMB'000
Revenue	4	52,297,458	60,059,328
Cost of revenue		(49,965,929)	(57,750,433)
Gross profit		2,331,529	2,308,895
Other revenue	5(a)	30,506	43,154
Other net gain	5(b)	44,304	57,405
Research and development costs		(59,794)	(67,066)
Selling and marketing expenses		(962,171)	(1,075,414)
Administrative and other operating expenses		(328,065)	(364,328)
Impairment loss on trade and other receivables	6(c)	(364,287)	(304,721)
Profit from operations		692,022	597,925
Finance income	6(a)	108,813	163,951
Finance costs	6(a)	(190,515)	(242,160)
Net finance costs		(81,702)	(78,209)
Share of (losses)/gains of associates	17	(165)	196
Share of losses of a joint venture	18	(443)	(680)
Profit before taxation	6	609,712	519,232
Income tax	7	(80,354)	(57,463)
Profit for the year		529,358	461,769
Attributable to:			
Equity shareholders of the Company		300,294	269,738
Non-controlling interests		229,064	192,031
Profit for the year		529,358	461,769
Earnings per share	10		
Basic (RMB)		0.54	0.49
Diluted (RMB)		0.54	0.49

The notes on pages 100 to 196 form part of these financial statements.

Consolidated Statement of Profit or Loss and Other Comprehensive Income

For the year ended December 31, 2025
(Expressed in Renminbi)

<i>Note</i>	2025	2024
	RMB'000	RMB'000
Profit for the year	529,358	461,769
Other comprehensive income for the year (after tax adjustments)	—	—
<i>Item that may be reclassified subsequently to profit or loss:</i>		
Exchange difference on translation of financial statements of a subsidiary with functional currency other than Renminbi	(59)	91
Other comprehensive income for the year	(59)	91
Total comprehensive income for the year	529,299	461,860
Attributable to:		
Equity shareholders of the Company	300,235	269,829
Non-controlling interests	229,064	192,031
Total comprehensive income for the year	529,299	461,860

The notes on pages 100 to 196 form part of these financial statements.

Consolidated Statement of Financial Position

(Expressed in Renminbi)

	Note	2025 RMB'000	2024 RMB'000
Non-current assets			
Property, plant and equipment	11	105,963	79,582
Right-of-use assets	12	84,344	79,358
Investment property	13	145,145	150,894
Intangible assets	14	84,589	–
Goodwill	15	359,791	–
Interests in associates	17	16,458	12,623
Interests in a joint venture	18	13,578	14,020
Financial assets at fair value through other comprehensive income	19	–	2,000
Financial assets at fair value through profit or loss	20	706,731	959,355
Pledged deposits	24(b)	1,650,000	780,000
Time deposits	24(c)	200,000	470,000
Deferred tax assets	33(b)	160,653	150,320
		3,527,252	2,698,152
Current assets			
Financial assets at fair value through profit or loss	20	4,018,715	3,516,166
Inventories	21	1,886,179	2,032,725
Trade and bills receivables	22	2,737,132	2,999,214
Prepayments, deposits and other receivables	23	10,018,556	9,056,338
Restricted deposits	24(a)	17,863	176,110
Pledged deposits	24(b)	5,639,705	4,454,957
Time deposits	24(c)	100,000	770,000
Cash and cash equivalents	25(a)	2,543,239	2,781,257
Taxation recoverable	33(a)	17,709	6,221
		26,979,098	25,792,988
Current liabilities			
Bank loans and other borrowings	26	301,911	1,116,494
Loans from non-controlling shareholders of subsidiaries	27	12,575	15,095
Lease liabilities	28	45,278	32,148
Financial liabilities at fair value through profit or loss	29	–	30
Trade and bills payables	30	16,598,558	14,636,785
Other payables and accruals	31	707,906	515,936
Contract liabilities	32	2,371,118	2,256,326
Taxation payable	33(a)	44,142	58,194
		20,081,488	18,631,008
Net current assets		6,897,610	7,161,980
Total assets less current liabilities		10,424,862	9,860,132

The notes on pages 100 to 196 form part of these financial statements.

Consolidated Statement of Financial Position

(Expressed in Renminbi)

	<i>Note</i>	2025 RMB'000	2024 RMB'000
Non-current liabilities			
Bank loans and other borrowings	26	256,100	181,200
Lease liabilities	28	50,061	51,432
Other payables	31	61,144	–
Deferred income	34	19,250	17,000
Deferred tax liabilities	33(b)	16,522	–
		403,077	249,632
		–	–
NET ASSETS		10,021,785	9,610,500
CAPITAL AND RESERVES			
Share capital	36	562,570	562,570
Treasury shares	36	(237,867)	(224,923)
Reserves	36	7,699,269	7,449,583
Total equity attributable to equity shareholders of the Company		8,023,972	7,787,230
Non-controlling interests		1,997,813	1,823,270
TOTAL EQUITY		10,021,785	9,610,500

Approved and authorized for issue by the board of directors on March 30, 2026.

Xu Xiuxian)	
)	
)	
)	
Zhao Liangsheng)	Directors
)	
)	
)	

The notes on pages 100 to 196 form part of these financial statements.

Consolidated Statement of Changes in Equity

For the year ended December 31, 2025
(Expressed in Renminbi)

Note	Attributable to equity shareholders of the Company								
	Share capital RMB'000	Treasury shares RMB'000	Capital reserve RMB'000	PRC statutory reserve RMB'000	Exchange reserve RMB'000	(Accumulated losses)/ Retained profits RMB'000	Total RMB'000	Non-controlling interest RMB'000	Total equity RMB'000
Balance at January 1, 2025	562,570	(224,923)	7,828,706	12,139	78	(391,340)	7,787,230	1,823,270	9,610,500
Changes in equity for 2025:									
Profit for the year	-	-	-	-	-	300,294	300,294	229,064	529,358
Other comprehensive income	-	-	-	-	(59)	-	(59)	-	(59)
Total comprehensive income	-	-	-	-	(59)	300,294	300,235	229,064	529,299
Purchase of own shares 36(d)	-	(12,944)	-	-	-	-	(12,944)	-	(12,944)
Capital contribution from non-controlling interests	-	-	211	-	-	-	211	49,793	50,004
Acquisition of non-controlling interests 36(e)	-	-	(130,887)	-	-	-	(130,887)	(44,682)	(175,569)
Business combination of Tibet Boundary Information Technology Co., Ltd. ("Boundary") and its subsidiaries (together, "Boundary Group") 39	-	-	-	-	-	-	-	66,866	66,866
Others business combinations	-	-	-	-	-	-	-	6,469	6,469
Disposal of interests in subsidiaries 25(e)	-	-	-	-	-	-	-	(98,467)	(98,467)
Disposal of interests in subsidiaries without loss of control	-	-	34,933	-	-	-	34,933	(1,416)	33,517
Appropriation of dividends to non-controlling shareholders of subsidiaries	-	-	-	-	-	-	-	(38,753)	(38,753)
Profit appropriations to PRC statutory reserve	-	-	-	6,391	-	(6,391)	-	-	-
Equity settled share-based transactions 35	-	-	39,386	-	-	-	39,386	7,628	47,014
Vesting of equity interests under Employee Share Purchase Plan 35	-	-	4,044	-	-	-	4,044	(1,959)	2,085
Offsetting losses with capital reserve 36(e)	-	-	(2,065,455)	-	-	2,065,455	-	-	-
Capital contribution to Jiangsu 511 Retail Chain Management Co., Ltd. ("Jiangsu 511") from its previous shareholder	-	-	5,000	-	-	-	5,000	-	5,000
Consideration for acquisition of Jiangsu 511 2(b)	-	-	(3,236)	-	-	-	(3,236)	-	(3,236)
Balance at December 31, 2025	562,570	(237,867)	5,712,702	18,530	19	1,968,018	8,023,972	1,997,813	10,021,785

The notes on pages 100 to 196 form part of these financial statements.

Consolidated Statement of Changes in Equity

For the year ended December 31, 2025

(Expressed in Renminbi)

	Attributable to equity shareholders of the Company									
	Note	Share capital RMB'000	Treasury shares RMB'000	Capital reserve RMB'000	PRC			Total RMB'000	Non-controlling interest RMB'000	Total equity RMB'000
					statutory reserve RMB'000	Exchange reserve RMB'000	Accumulated losses RMB'000			
Balance at January 1, 2024		562,570	(92,903)	7,951,744	12,139	(13)	(661,078)	7,772,459	1,722,570	9,495,029
Changes in equity for 2024:										
Profit for the year		-	-	-	-	-	269,738	269,738	192,031	461,769
Other comprehensive income		-	-	-	-	91	-	91	-	91
Total comprehensive income		-	-	-	-	91	269,738	269,829	192,031	461,860
Purchase of own shares	36(d)	-	(138,745)	-	-	-	-	(138,745)	-	(138,745)
Capital contribution from non-controlling interests		-	-	-	-	-	-	-	44,029	44,029
Acquisition of non-controlling interests	36(e)	-	-	(151,769)	-	-	-	(151,769)	(52,900)	(204,669)
Disposal of interests in subsidiaries	23(e)	-	-	-	-	-	-	-	(57,015)	(57,015)
Disposal of interests in subsidiaries without loss of control		-	-	802	-	-	-	802	2,701	3,503
Appropriation of dividends to non-controlling shareholders of subsidiaries		-	-	-	-	-	-	-	(28,832)	(28,832)
Liabilities waived by non-controlling interests		-	-	189	-	-	-	189	127	316
Equity settled share-based transactions	33	-	-	31,101	-	-	-	31,101	1,838	32,939
Vesting of equity interests under Employee Share Purchase Plan	33	-	-	3,364	-	-	-	3,364	(1,279)	2,085
Vesting of restricted shares		-	6,725	(6,725)	-	-	-	-	-	-
Balance at December 31, 2024		562,570	(224,923)	7,828,706	12,139	78	(391,340)	7,787,230	1,823,270	9,610,500

The notes on pages 100 to 196 form part of these financial statements.

Consolidated Cash Flow Statement

For the year ended December 31, 2025
(Expressed in Renminbi)

	Note	2025 RMB'000	2024 RMB'000
Operating activities			
Cash generated from operations	25(b)	537,179	372,145
Tax paid	33(a)	(118,208)	(96,867)
Net cash generated from operating activities		418,971	275,278
Investing activities			
Payment for the acquisition of property, plant and equipment		(22,196)	(27,875)
Proceeds from disposal of property, plant and equipment and investment property		7,925	14,573
Payment for purchases of financial assets measured at fair value through profit or loss		(17,756,918)	(10,973,618)
Proceeds from disposal of financial assets measured at fair value through profit or loss		17,574,745	9,900,439
Proceeds from disposal of financial assets at fair value through other comprehensive income		2,000	–
Net settlement of future contracts		192	(26)
Net proceeds from disposal of interests in subsidiaries	25(e)	31,298	4,551
Payment for acquisition of interests in subsidiaries		(13,356)	–
Proceeds from disposal of interests in subsidiaries without loss of control		–	3,503
Payment for acquisition of interests in an associate		(4,000)	(596)
Decrease/(increase) in time deposits		670,000	(21,400)
New loan to a third party		(25,000)	–
Interest received		100,597	220,366
Net cash generated/(used in) from investing activities		565,287	(880,083)

The notes on pages 100 to 196 form part of these financial statements.

Consolidated Cash Flow Statement

For the year ended December 31, 2025

(Expressed in Renminbi)

	<i>Note</i>	2025 RMB'000	2024 RMB'000
Financing activities			
Capital element of lease rental paid	25(c)	(26,100)	(35,089)
Interest element of lease rental paid	25(c)	(3,098)	(2,967)
Proceeds from new bank loans and other borrowings	25(c)	3,669,762	4,561,702
Repayment of bank loans and other borrowings	25(c)	(4,406,221)	(3,875,085)
Interest paid	25(c)	(187,852)	(238,694)
New loans from non-controlling shareholders of subsidiaries	25(c)	8,842	23,543
Repayment of loans from non-controlling shareholders of subsidiaries	25(c)	(11,197)	(24,628)
Increase in pledged deposits for bank facilities		(130,000)	(400,000)
Capital contributions from non-controlling interests		50,004	44,029
Payment for acquisition of non-controlling interests		(151,541)	(240,510)
Payment for acquisition of interests in a subsidiary under common control	2(b)	(3,236)	–
Capital contribution to Jiangsu 511 from its previous shareholder		5,000	–
Payment for purchase of own shares	36(d)	(12,944)	(138,745)
Payment of dividends to non-controlling shareholders of subsidiaries		(39,100)	(36,560)
Proceeds from disposal of interests in subsidiaries without loss of control		15,650	–
Net cash used in financing activities		(1,222,031)	(363,004)
Net decrease in cash and cash equivalents		(237,773)	(967,809)
Cash and cash equivalents at the beginning of the year	25(a)	2,781,257	3,748,938
Effect of foreign exchange rate changes		(245)	128
Cash and cash equivalents at the end of the year	25(a)	2,543,239	2,781,257
Significant non-cash investing activities			
Settlements of trade and other receivables through debt restructuring arrangements		60,813	149,693

The notes on pages 100 to 196 form part of these financial statements.

Notes to the Financial Statements

(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. The information of the principal subsidiaries is set out in Note 16.

2 MATERIAL ACCOUNTING POLICIES

(a) Statement of compliance

These financial statements have been prepared in accordance with IFRS Accounting Standards, which collective term includes all applicable individual International Financial Reporting Standards (“IFRSs”), International Accounting Standards (the “IASs”) and Interpretations issued by the International Accounting Standards Board (the “IASB”) and the requirements of the Hong Kong Companies Ordinance. These 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. Material accounting policies adopted by the Group are disclosed below.

The IASB has issued certain new or amended to IFRS Accounting Standards that are first effective or available for early adoption for the current accounting period of the Group. Note 2(c) provides information on any changes in accounting policies resulting from initial application of these developments to the extent that they are relevant to the Group for the current accounting period reflected in these financial statements.



Notes to the Financial Statements

(Expressed in Renminbi unless otherwise indicated)

2 MATERIAL ACCOUNTING POLICIES (CONTINUED)

(b) Basis of preparation of the financial statements

The consolidated financial statements for the year ended December 31, 2025 comprise the Group and the Group's interests in associates and a joint venture.

Items included in these consolidated financial statements of each entity in the Group are measured using the currency that best reflects the economic substance of the underlying events and circumstances relevant to the entity ("functional currency"). The functional currency of the Company is RMB. The consolidated financial statements are presented in RMB, rounded to nearest thousands, which is the presentation currency.

The measurement basis used in the preparation of the financial statements is the historical cost basis except as set out in the accounting policies hereunder.

The preparation of financial statements in conformity with IFRS Accounting Standards requires management to make judgements, estimates and assumptions that affect the application of policies and reported amounts of assets, liabilities, income and expenses. The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the results of which form the basis of making the judgements about carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

Judgements made by management in the application of IFRS Accounting Standards that have significant effect on the financial statements and major sources of estimation uncertainty are discussed in Note 3.

Notes to the Financial Statements

(Expressed in Renminbi unless otherwise indicated)

2 MATERIAL ACCOUNTING POLICIES (CONTINUED)

(b) Basis of preparation of the financial statements (Continued)

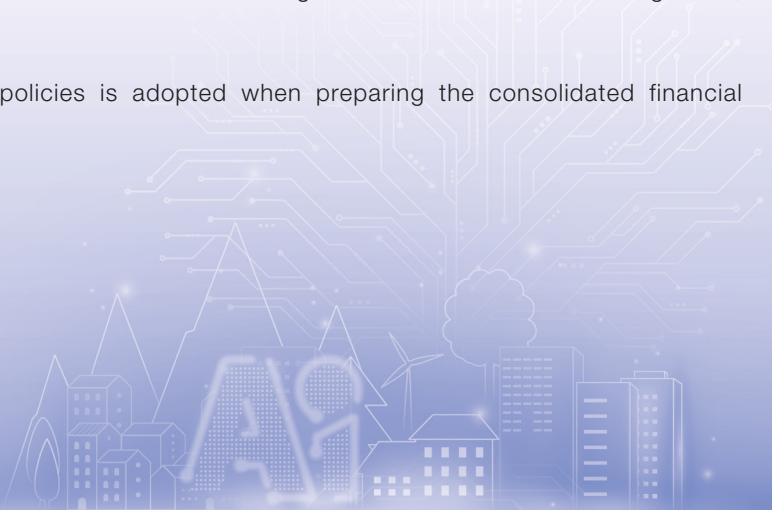
In October 2025, the Group agreed to acquire the entire equity interest of Jiangsu 511 Retail Chain Management Co., Ltd. (“Jiangsu 511”), which is principally engaged in investment holding and consumer goods supply chain management in the PRC, from Five Star Holdings Group Co., Ltd. at a consideration of RMB3,236,000.

Upon completion of the acquisition, Jiangsu 511 became a subsidiary of the Group. As Jiangsu 511 and the Group was ultimately controlled by the same party before and after the business combination and the control is not transitory, the acquisition of Jiangsu 511 was considered as a business combination involving entities under common control.

The consolidated financial statements of the Group have been therefore prepared using the merger basis of accounting as if the current group structure had been in existence throughout the periods presented. The net assets of Jiangsu 511 have been consolidated using the existing book values from the perspective of controlling party. Comparative amounts in the consolidated financial statements are presented as if the entities or businesses had been combined at the beginning of the comparative period unless the combining entities or businesses first came under common control at a later date.

The consolidated statement of profit or loss and the consolidated statement of profit or loss and other comprehensive income include the results of combining entities or businesses from the earliest date presented or since the date when the combining entities or businesses first came under the common control, where this is a shorter period, regardless of the date of the common control combination. The consolidated statement of profit or loss and the consolidated statement of profit or loss and other comprehensive income also take into account the profit or loss attributable to the non-controlling interest recorded in the consolidated financial statements of the controlling party. The effects of all transactions between the combining entities or businesses, whether occurring before or after the common combination, are eliminated. Comparatives for the year ended December 31, 2024 were not restated as Jiangsu 511 was established on August 25, 2025.

A uniform set of accounting policies is adopted when preparing the consolidated financial statements.



Notes to the Financial Statements

(Expressed in Renminbi unless otherwise indicated)

2 MATERIAL ACCOUNTING POLICIES (CONTINUED)

(c) Changes in accounting policies

The Group has applied amendments to IAS 21, *The effects of changes in foreign exchange rates – Lack of exchangeability* issued by the IASB to these financial statements for the current accounting period. The amendments do not have a material impact on these financial statements 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.

(d) Subsidiaries and non-controlling interests

Subsidiaries are entities controlled by the Group. The Group controls an entity when it is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. The financial statements of subsidiaries are included in the consolidated financial statements from the date on which control commences until the date on which control ceases.

Intra-group balances and transactions, and any unrealized income and expenses (except for foreign currency transaction gains or losses) arising from intra-group transactions, are eliminated. Unrealized losses resulting from intra-group transactions are eliminated in the same way as unrealized gains but only to the extent that there is no evidence of impairment.

Notes to the Financial Statements

(Expressed in Renminbi unless otherwise indicated)

2 MATERIAL ACCOUNTING POLICIES (CONTINUED)

(d) Subsidiaries and non-controlling interests (Continued)

For each business combination, the Group can elect to measure any non-controlling interest (“NCI”) either at fair value or at the NCI’s proportionate share of the subsidiary’s net identifiable assets. NCI is presented in the consolidated statement of financial position within equity, separately from equity attributable to the equity shareholders of the Company. NCI in the results of the Group are presented on the face of the consolidated statement of profit or loss and the consolidated statement of profit or loss and other comprehensive income as an allocation of the total profit or loss and total comprehensive income for the year between NCI and the equity shareholders of the Company. Loans from holders of NCI and other contractual obligations towards these holders are presented as financial liabilities in the consolidated statement of financial position in accordance with Notes 2(r) or (s) depending on the nature of the liability.

Changes in the Group’s interests in a subsidiary that do not result in a loss of control are accounted for as equity transactions.

When the Group loses control of a subsidiary, it derecognizes the assets and liabilities of the subsidiary, and any related NCI and other components of equity. Any resulting gain or loss is recognized in profit or loss. Any interest retained in that former subsidiary is measured at fair value when control is lost.

In the Company’s statement of financial position, an investment in a subsidiary is stated at cost less impairment losses (see Note 2(m)(ii)), unless it is classified as held for sale (or included in a disposal group classified as held for sale).

(e) Associates and joint ventures

An associate is an entity in which the Group or the Company has significant influence, but not control or joint control, over the financial and operating policies. A joint venture is an arrangement in which the Group or the Company has joint control, whereby the Group or the Company has the rights to the net assets of the arrangement, rather than rights to its assets and obligations for its liabilities.



Notes to the Financial Statements

(Expressed in Renminbi unless otherwise indicated)

2 MATERIAL ACCOUNTING POLICIES (CONTINUED)

(e) Associates and joint ventures (Continued)

An interest in an associate or a joint venture is accounted for using the equity method, unless it is classified as held for sale (or included in a disposal Group classified as held for sale). They are initially recognized at cost, which includes transaction costs. Subsequently, the consolidated financial statements include the Group's share of the profit or loss and other comprehensive income ("OCI") of those investees, until the date on which significant influence or joint control ceases.

When the Group's share of losses exceeds its interest in the associate or the joint venture, the Group's interest is reduced to nil and recognition of further losses is discontinued except to the extent that the Group has incurred legal or constructive obligations or made payments on behalf of the investee. For this purpose, the Group's interest is the carrying amount of the investment under the equity method, together with any other long-term interests that in substance form part of the Group's net investment in the associate or the joint venture after applying the ECL model to such other long-term interests where applicable (see Note 2(m)(i)).

Unrealized gains arising from transactions with equity-accounted investees are eliminated against the investment to the extent of the Group's interest in the investee. Unrealized losses are eliminated in the same way as unrealized gains, but only to the extent there is no evidence of impairment.

(f) Goodwill

Goodwill arising on acquisition of businesses is measured at cost less accumulated impairment losses and is tested annually for impairment (see Note 2(m)(ii)).

(g) Other investments in securities

The Group's policies for investments in securities, other than investments in subsidiaries, associates and joint ventures, are set out below.

Investments in securities are recognized/derecognized on the date the Group commits to purchase/sell the investment. The investments are initially stated at fair value plus directly attributable transaction costs, except for those investments measured at fair value through profit or loss (FVPL) for which transaction costs are recognized directly in profit or loss. For an explanation of how the Group determines fair value of financial instruments, see Note 37(e). These investments are subsequently accounted for as follows, depending on their classification.

Notes to the Financial Statements

(Expressed in Renminbi unless otherwise indicated)

2 MATERIAL ACCOUNTING POLICIES (CONTINUED)

(g) Other investments in securities (Continued)

(i) *Non-equity investments*

Non-equity investments are classified into one of the following measurement categories:

- amortized cost, if the investment is held for the collection of contractual cash flows which represent solely payments of principal and interest. Expected credit losses, interest income calculated using the effective interest method (see Note 2(w)(ii)(c)), foreign exchange gains and losses are recognized in profit or loss. Any gain or loss on derecognition is recognized in profit or loss.
- fair value through other comprehensive income (FVOCI) – recycling, if the contractual cash flows of the investment comprise solely payments of principal and interest and the investment is held within a business model whose objective is achieved by both the collection of contractual cash flows and sale. Expected credit losses, interest income (calculated using the effective interest method) and foreign exchange gains and losses are recognized in profit or loss and computed in the same manner as if the financial asset was measured at amortized cost. The difference between the fair value and the amortized cost is recognized in OCI. When the investment is derecognized, the amount accumulated in OCI is recycled from equity to profit or loss.
- FVPL if the investment does not meet the criteria for being measured at amortized cost or FVOCI (recycling). Changes in the fair value of the investment (including interest) are recognized in profit or loss.

(ii) *Equity investments*

An investment in equity securities is classified as FVPL unless the investment is not held for trading purposes and on initial recognition the Group makes an irrevocable election to designate the investment at FVOCI (non-recycling) such that subsequent changes in fair value are recognized in OCI. Such elections are made on an instrument-by-instrument basis, but may only be made if the investment meets the definition of equity from the issuer's perspective. If such election is made for a particular investment, at the time of disposal, the amount accumulated in the fair value reserve (non-recycling) is transferred to retained earnings and not recycled through profit or loss. Dividends from an investment in equity securities, irrespective of whether classified as at FVPL or FVOCI, are recognized in profit or loss as other income (see Note 2(w)(ii)(b)).



Notes to the Financial Statements

(Expressed in Renminbi unless otherwise indicated)

2 MATERIAL ACCOUNTING POLICIES (CONTINUED)

(h) Derivative financial instruments

Embedded derivatives are separated from the host contract and accounted for separately if the host contract is not a financial asset and certain criteria are met.

Derivatives are initially measured at fair value. Subsequently, they are measured at fair value with changes therein recognized in profit or loss, except where the derivatives qualify for cash flow hedge accounting or hedges of net investment in a foreign operation.

(i) Investment property

Investment properties are stated at cost less accumulated depreciation and impairment losses. Any gain or loss on disposal of investment property is recognized in profit or loss. Rental income from investment properties is recognized in accordance with Note 2(w)(ii)(a).

Depreciation is calculated to write off the cost of items of investment property less their estimated residual value, if any, using the straight-line method over their estimated useful lives, and is generally recognized in profit or loss.

The estimated useful lives for the current and comparative periods are as follows:

	Estimated useful life
Buildings	20 to 30 years

Depreciation methods, useful lives and residual values are reviewed at each reporting date and adjusted if appropriate.

(j) Property, plant and equipment

The property, plant and equipment, including right-of-use assets (see Note 2(l)), are stated at cost, which includes capitalized borrowing costs, less accumulated depreciation and any accumulated impairment losses (see Note 2(m)(ii)).

Notes to the Financial Statements

(Expressed in Renminbi unless otherwise indicated)

2 MATERIAL ACCOUNTING POLICIES (CONTINUED)

(j) Property, plant and equipment (Continued)

If significant parts of an item of property, plant and equipment have different useful lives, then they are accounted for as separate items (major components).

Any gain or loss on disposal of an item of property, plant and equipment is recognized in profit or loss.

Depreciation is calculated to write off the cost of items of property, plant and equipment less their estimated residual values, if any, using the straight line method over their estimated useful lives and is generally recognized in profit or loss. The estimated useful lives for the current and comparative periods are as follows:

	Estimated useful life
Buildings	20 to 30 years
Leasehold improvements	The shorter of the unexpired term of lease and the estimated useful lives
Electronic equipment	3 to 10 years
Furniture, fixtures and office equipment	3 to 10 years
Motor vehicles	5 to 10 years
Machinery	10 years
Right-of-use assets	Over the lease term

Depreciation methods, useful lives and residual values are reviewed at each reporting date and adjusted if appropriate.

No depreciation is provided in respect of construction in progress.

(k) Intangible assets (other than goodwill)

Intangible assets that are acquired through business combination and have finite useful lives are measured at cost (the acquisition date fair value) less accumulated amortization and any accumulated impairment losses (see Note 2(m)(ii)).



Notes to the Financial Statements

(Expressed in Renminbi unless otherwise indicated)

2 MATERIAL ACCOUNTING POLICIES (CONTINUED)

(k) Intangible assets (other than goodwill) (Continued)

Amortization of intangible assets is calculated to write-off the cost of intangible assets less their estimated residual values using the straight-line method over their estimated useful lives, if any, and is generally recognized in profit or loss.

The estimated useful lives for the current and comparative periods are as follows:

	Estimated useful life
Customer relationships	10 years
Patent	10 years

The useful lives of customer relationships are estimated based on the historical length of business relationship and turnover rate of customers of the acquirees. The useful lives of patent are estimated based on the period of economic benefits to be derived from the services to be provided relying on the patent.

Amortization methods, useful lives and residual values are reviewed annually and adjusted if appropriate.

(l) Leased assets

At inception of a contract, the Group assesses whether the contract is, or contains, a lease. This is the case if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration. Control is conveyed where the customer has both the right to direct the use of the identified asset and to obtain substantially all of the economic benefits from that use.

(i) As a lessee

Where the contract contains lease component(s) and non-lease component(s), the Group has elected not to separate non-lease components and accounts for each lease component and any associated non-lease components as a single lease component for all leases.

At the lease commencement date, the Group recognizes a right-of-use asset and a lease liability, except for leases that have a short lease term of 12 months or less and leases of low-value assets. When the Group enters into a lease in respect of a low-value asset, the Group decides whether to capitalize the lease on a lease-by-lease basis. If not capitalized, the associated lease payments are recognized in profit or loss on a systematic basis over the lease term.

Notes to the Financial Statements

(Expressed in Renminbi unless otherwise indicated)

2 MATERIAL ACCOUNTING POLICIES (CONTINUED)

(I) Leased assets (Continued)

(i) As a lessee (Continued)

Where the lease is capitalized, the lease liability is initially recognized at the present value of the lease payments payable over the lease term, discounted using the interest rate implicit in the lease or, if that rate cannot be readily determined, using a relevant incremental borrowing rate. After initial recognition, the lease liability is measured at amortized cost and interest expense is recognized using the effective interest method. Variable lease payments that do not depend on an index or rate are not included in the measurement of the lease liability, and are charged to profit or loss as incurred.

The right-of-use asset recognized when a lease is capitalized is initially measured at cost, which comprises the initial amount of the lease liability adjusted for any lease payments made at or before the commencement date, plus any initial direct costs incurred and an estimate of costs to dismantle and remove the underlying asset or to restore the underlying asset or the site on which it is located, less any lease incentives received. The right-of-use asset is subsequently stated at cost less accumulated depreciation and impairment losses (see Notes 2(l) and 2(m)(ii)).

Refundable rental deposits are accounted for separately from the right-of use assets in accordance with the accounting policy applicable to investments in non-equity securities carried at amortized cost (see Notes 2(g)(i), 2(w)(ii)(c) and 2(m)(i)). Any excess of the nominal value over the initial fair value of the deposits is accounted for as additional lease payments made and is included in the cost of right-of-use assets.

The lease liability is remeasured when there is a change in future lease payments arising from a change in an index or rate, if there is a change in the Group's estimate of the amount expected to be payable under a residual value guarantee, or if the Group changes its assessment of whether it will exercise a purchase, extension or termination option. When the lease liability is remeasured in this way, a corresponding adjustment is made to the carrying amount of the right-of-use asset, or is recorded in profit or loss if the carrying amount of the right-of-use asset has been reduced to zero.

The lease liability is also remeasured when there is a lease modification, which means a change in the scope of a lease or the consideration for a lease that is not originally provided for in the lease contract, if such modification, is not accounted for as a separate lease. In this case the lease liability is remeasured based on the revised lease payments and lease term using a revised discount rate at the effective date of the modification.

In the consolidated statement of financial position, the current portion of long-term lease liabilities is determined as the present value of contractual payments that are due to be settled within twelve months after the reporting period.

Notes to the Financial Statements

(Expressed in Renminbi unless otherwise indicated)

2 MATERIAL ACCOUNTING POLICIES (CONTINUED)

(l) Leased assets (Continued)

(ii) As a lessor

The Group determines at lease inception whether each lease is a finance lease or an operating lease. A lease is classified as a finance lease if it transfers substantially all the risks and rewards incidental to the ownership of an underlying assets to the lessee. Otherwise, the lease is classified as an operating lease.

When a contract contains lease and non-lease components, the Group allocates the consideration in the contract to each component on a relative stand-alone selling price basis. The rental income from operating leases is recognized in accordance with Note 2(w)(ii) (a).

When the Group is an intermediate lessor, the sub-leases are classified as a finance lease or as an operating lease with reference to the right-of-use asset arising from the head lease. If the head lease is a short-term lease to which the Group applies the exemption described in Note 2(l)(i), then the Group classifies the sub-lease as an operating lease.

(m) Credit losses and impairment of assets

(i) Credit losses from financial instruments

The Group recognizes a loss allowance for expected credit losses (“ECL”s) on the financial assets measured at amortized cost (including cash and cash equivalents, and trade and other receivables) and non-equity securities measured at FVOCI (recycling) (see Note 2(g)(i)).

Measurement of ECLs

ECLs are a probability-weighted estimate of credit losses. Generally, credit losses are measured as the present value of all expected cash shortfalls between the contractual and expected amounts.

The expected cash shortfalls are discounted using the following rates if the effect is material:

- fixed-rate financial assets and trade and other receivables: effective interest rate determined at initial recognition or an approximation thereof;
- variable-rate financial assets: current effective interest rate.

The maximum period considered when estimating ECLs is the maximum contractual period over which the Group is exposed to credit risk.

Notes to the Financial Statements

(Expressed in Renminbi unless otherwise indicated)

2 MATERIAL ACCOUNTING POLICIES (CONTINUED)

(m) Credit losses and impairment of assets (Continued)

(i) Credit losses from financial instruments (Continued)

Measurement of ECLs (Continued)

ECLs are measured on either of the following bases:

- 12-month ECLs: these are the portion of ECLs that result from default events that are possible within the 12 months after the reporting date (or a shorter period if the expected life of the instrument is less than 12 months); and
- lifetime ECLs: these are the ECLs that result from all possible default events over the expected lives of the items to which the ECL model applies.

The Group measures loss allowances at an amount equal to lifetime ECLs, except for the following, which are measured at 12-months ECLs:

- financial instruments that are determined to have low credit risk at the reporting date; and
- other financial instruments for which credit risk (i.e. the risk of default occurring over the expected life of the financial instrument) has not increased significantly since initial recognition.

Loss allowances for trade receivables are always measured at an amount equal to lifetime ECLs.

Significant increases in credit risk

When determining whether the credit risk of a financial instrument (including a loan commitment) has increased significantly since initial recognition and when measuring ECLs, the Group considers reasonable and supportable information that is relevant and available without undue cost or effort. This includes both quantitative and qualitative information and analysis, based on the Group's historical experience and informed credit assessment, that includes forward-looking information.

Notes to the Financial Statements

(Expressed in Renminbi unless otherwise indicated)

2 MATERIAL ACCOUNTING POLICIES (CONTINUED)

(m) Credit losses and impairment of assets (Continued)

(i) Credit losses from financial instruments (Continued)

Significant increases in credit risk (Continued)

The Group assumes that the credit risk on a financial asset has increased significantly if it is more than 6 months past due.

The Group considers a financial asset to be in default when:

- the debtor is unlikely to pay its credit obligations to the Group in full, without recourse by the Group to actions such as realizing security (if any is held); or
- the financial asset is 3 years past due.

ECLs are remeasured at each reporting date to reflect changes in the financial instrument's credit risk since initial recognition. Any change in the ECL amount is recognized as an impairment gain or loss in profit or loss. The Group recognizes an impairment gain or loss for all financial instruments with a corresponding adjustment to their carrying amount through a loss allowance account, except for investments in non-equity securities that are measured at FVOCI (recycling), for which the loss allowance is recognized in OCI and accumulated in the fair value reserve (recycling) does not reduce the carrying amount of the financial asset in the statement of financial position.

Credit-impaired financial assets

At each reporting date, the Group assesses whether a financial asset is credit-impaired. A financial asset is credit-impaired when one or more events that have a detrimental impact on the estimated future cash flows of the financial asset have occurred.

Evidence that a financial asset is credit-impaired includes the following observable events:

- significant financial difficulties of the debtor;
- a breach of contract, such as a default or being more than 3 years past due;
- the restructuring of a loan or advance by the Group on terms that the Group would not consider otherwise;
- it is probable that the debtor will enter bankruptcy or other financial reorganization; or
- the disappearance of an active market for a security because of financial difficulties of the issuer.

Notes to the Financial Statements

(Expressed in Renminbi unless otherwise indicated)

2 MATERIAL ACCOUNTING POLICIES (CONTINUED)

(m) Credit losses and impairment of assets (Continued)

(i) Credit losses from financial instruments (Continued)

Write-off policy

The gross carrying amount of a financial asset, lease receivable or contract asset is written off to the extent that there is no realistic prospect of recovery. This is generally the case when the asset becomes five years past due or when the Group otherwise determines that the debtor does not have assets or sources of income that could generate sufficient cash flows to repay the amounts subject to the write-off.

Subsequent recoveries of an asset that was previously written off are recognized as a reversal of impairment in profit or loss in the period in which the recovery occurs.

(ii) Impairment of other non-current assets

At each reporting date, the Group reviews the carrying amounts of its non-financial asset (other than property carried at revalued amounts, investment property, inventories and other contract costs, contract assets and deferred tax assets) to determine whether there is any indication of impairment. If any such indication exists, then the asset's recoverable amount is estimated. Goodwill is tested annually for impairment.

For impairment testing, assets are grouped together into the smallest group of assets that generates cash inflows from continuing use that are largely independent of the cash inflows of other assets or cash-generating units ("CGU"s). Goodwill arising from a business combination is allocated to CGUs or groups of CGUs that are expected to benefit from the synergies of the combination.

The recoverable amount of an asset or CGU is the greater of its value in use and its fair value less costs of disposal. Value in use is based on the estimated future cash flows, discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset or CGU.

An impairment loss is recognized if the carrying amount of an asset or CGU exceeds its recoverable amount.

Impairment losses are recognized in profit or loss. They are allocated first to reduce the carrying amount of any goodwill allocated to the CGU, and then to reduce the carrying amounts of the other assets in the CGU on a pro rata basis.

Notes to the Financial Statements

(Expressed in Renminbi unless otherwise indicated)

2 MATERIAL ACCOUNTING POLICIES (CONTINUED)

(m) Credit losses and impairment of assets (Continued)

(ii) *Impairment of other non-current assets (Continued)*

An impairment loss in respect of goodwill is not reversed. For other assets, an impairment loss is reversed only to the extent that the resulting carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortization, if no impairment loss had been recognized.

(iii) *Interim financial reporting and impairment*

Under the Rules Governing the Listing of Securities on the Stock Exchange of Hong Kong Limited, the Group is required to prepare an interim financial report in compliance with IAS 34, *Interim financial reporting*, in respect of the first six months of the financial year. At the end of the interim period, the Group applies the same impairment testing, recognition, and reversal criteria as it would at the end of the financial year (see Notes 2(m)(i) and (ii)).

(n) Inventories

Inventories are measured at the lower of cost and net realizable value.

Cost is calculated using the first-in-first-out formula and comprises all costs of purchase of goods after deducting discounts from suppliers, and other costs incurred in bringing the inventories to their present location and condition.

Net realizable value is the estimated selling price in the ordinary course of business less the estimated costs of completion and the estimated costs necessary to make the sale.

(o) Contract liabilities

A contract liability is recognized when the customer pays non-refundable consideration before the Group recognizes the related revenue (see Note 2(w)(i)). A contract liability is also recognized if the Group has an unconditional right to receive non-refundable consideration before the Group recognizes the related revenue. In such latter cases, a corresponding receivable is also recognized (see Note 2(p)).

Notes to the Financial Statements

(Expressed in Renminbi unless otherwise indicated)

2 MATERIAL ACCOUNTING POLICIES (CONTINUED)

(p) Trade and other receivables

A receivable is recognized when the Group has an unconditional right to receive consideration and only the passage of time is required before payment of that consideration is due.

Trade receivables that do not contain a significant financing component are initially measured at their transaction price. Trade receivables that contain a significant financing component and other receivables are initially measured at fair value plus transaction costs. All receivables are subsequently stated at amortised cost (see Note 2(m)(i)). Receivables that are held for collection of contractual cash flows and for selling the financial assets are measured at fair value through other comprehensive income (recycling).

(q) Cash and cash equivalents

Cash and cash equivalents comprise cash at bank and on hand, demand deposits with banks and other financial institutions, and other short-term, highly liquid investments that are readily convertible into known amounts of cash and which are subject to an insignificant risk of changes in value, having been within three months of maturity at acquisition. Cash and cash equivalents are assessed for ECL (see Note 2(m)(i)).

(r) Trade and other payables

Trade and other payables are initially recognized at fair value. Subsequent to initial recognition, trade and other payables are stated at amortized cost unless the effect of discounting would be immaterial, in which case they are stated at invoice amounts.

(s) Interest-bearing borrowings

Interest-bearing borrowings are measured initially at fair value less transaction costs. Subsequently, these borrowings are stated at amortized cost using the effective interest method. Interest expense is recognized in accordance with Note 2(z).



Notes to the Financial Statements

(Expressed in Renminbi unless otherwise indicated)

2 MATERIAL ACCOUNTING POLICIES (CONTINUED)

(t) Employee benefits

(i) *Short term employee benefits and contributions to defined contribution retirement plans*

Short-term employee benefits are expensed as the related service is provided. A liability is recognized for the amount expected to be paid if the Group has a present legal or constructive obligation to pay this amount as a result of past service provided by the employee and the obligation can be estimated reliably.

Contributions to local retirement schemes pursuant to the relevant labor rules and regulations in the jurisdictions in which the Group's subsidiaries located are recognized as an expense in profit or loss as incurred.

(ii) *Share-based payments*

The grant-date fair value of equity-settled share-based payments granted to employees is measured by reference to the market price or the valuer's valuation of the underlying shares. The amount is generally recognized as an expense, with a corresponding increase in equity, over the vesting period of the awards. The amount recognized as an expense is adjusted to reflect the number of awards for which the related service conditions are expected to be met, such that the amount ultimately recognized is based on the number of awards that meet the related service conditions at the vesting date.

(iii) *Termination benefits*

Termination benefits are expensed at the earlier of when the Group can no longer withdraw the offer of those benefits and when the Group recognizes costs for a restructuring.

(u) Income tax

Income tax expense comprises current tax and deferred tax. It is recognized in profit or loss except to the extent that it relates to a business combination, or items recognized directly in equity or in OCI.

Current tax comprises the estimated tax payable or tax recoverable on the taxable income or loss for the year and any adjustments to the tax payable or receivable in respect of previous years. The amount of current tax payable or receivable is the best estimate of the tax amount expected to be paid or received that reflects any uncertainty related to income taxes. It is measured using tax rates enacted or substantively enacted at the reporting date. Current tax also includes any tax arising from dividends.

Notes to the Financial Statements

(Expressed in Renminbi unless otherwise indicated)

2 MATERIAL ACCOUNTING POLICIES (CONTINUED)

(u) Income tax (Continued)

Current tax assets and liabilities are offset only if certain criteria are met.

Deferred tax is recognized in respect of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. Deferred tax is not recognized for:

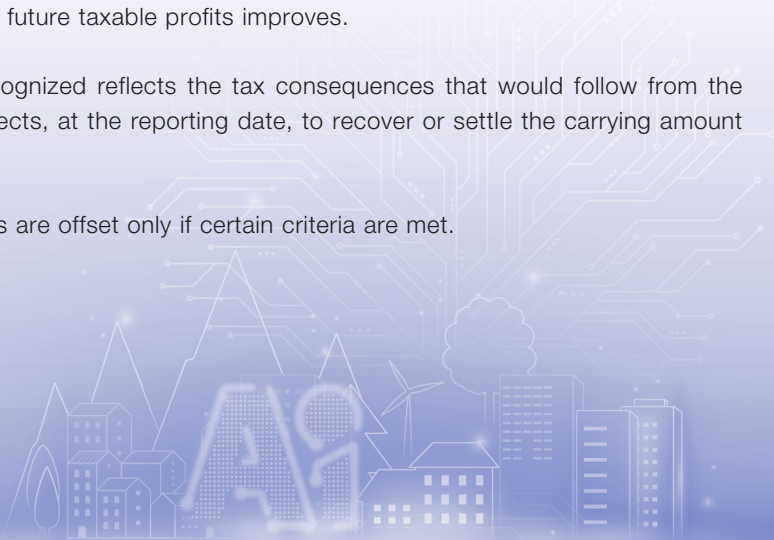
- temporary differences on the initial recognition of assets or liabilities in a transaction that is not a business combination and that affects neither accounting nor taxable profit or loss and does not give rise to equal taxable and deductible temporary differences;
- temporary differences related to investment in subsidiaries, associates and joint venture to the extent that the Group is able to control the timing of the reversal of the temporary differences and it is probable that they will not reverse in the foreseeable future; and
- taxable temporary differences arising on the initial recognition of goodwill.

The Group recognized deferred tax assets and deferred tax liabilities separately in relation to its lease liabilities and right-of-use assets.

Deferred tax assets are recognized for unused tax losses, unused tax credits and deductible temporary differences to the extent that it is probable that future taxable profits will be available against which they can be used. Future taxable profits are determined based on the reversal of relevant taxable temporary differences. If the amount of taxable temporary differences is insufficient to recognize a deferred tax asset in full, then future taxable profits, adjusted for reversals of existing temporary differences, are considered, based on the business plans for individual subsidiaries in the Group. Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefit will be realized; such reductions are reversed when the probability of future taxable profits improves.

The amount of deferred tax recognized reflects the tax consequences that would follow from the manner in which the Group expects, at the reporting date, to recover or settle the carrying amount of its assets and liabilities.

Deferred tax assets and liabilities are offset only if certain criteria are met.



Notes to the Financial Statements

(Expressed in Renminbi unless otherwise indicated)

2 MATERIAL ACCOUNTING POLICIES (CONTINUED)

(v) Provisions and contingent liabilities

Generally provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects current market assessment of the time value of money and the risks specific to the liability.

Where it is not probable that an outflow of economic benefits will be required, or the amount cannot be estimated reliably, the obligation is disclosed as a contingent liability, unless the probability of outflow of economic benefits is remote. Possible obligations, whose existence will only be confirmed by the occurrence or non-occurrence of one or more future events are also disclosed as contingent liabilities unless the probability of outflow of economic benefits is remote.

Where some or all of the expenditure required to settle a provision is expected to be reimbursed by another party, a separate asset is recognized for any expected reimbursement that would be virtually certain. The amount recognized for the reimbursement is limited to the carrying amount of the provision.

(w) Revenue and other income

Income is classified by the Group as revenue when it arises from the sale of goods, the provision of services or the use by others of the Group's assets under leases in the ordinary course of the Group's business.

Further details of the Group's revenue and other income recognition policies are as follows:

(i) *Revenue from contracts with customers*

Revenue is recognized when control over a product or service is transferred to the customer, or the lessee has the right to use the asset, at the amount of promised consideration to which the Group is expected to be entitled, excluding those amounts collected on behalf of third parties. Revenue excludes value added tax or other sales taxes and is after deduction of any trade discounts.

Where the contract contains a financing component which provides a significant financing benefit to the customer for more than 12 months, revenue is measured at the present value of the amount receivable, discounted using the discount rate that would be reflected in a separate financing transaction with the customer, and interest income is accrued separately under the effective interest method. Where the contract contains a financing component which provides a significant financing benefit to the Group, revenue recognized under that contract includes the interest expense accreted on the contract liability under the effective interest method. The Group takes advantage of the practical expedient in paragraph 63 of IFRS 15 and does not adjust the consideration for any effects of a significant financing component if the period of financing is 12 months or less.

Notes to the Financial Statements

(Expressed in Renminbi unless otherwise indicated)

2 MATERIAL ACCOUNTING POLICIES (CONTINUED)

(w) Revenue and other income (Continued)

(i) Revenue from contracts with customers (Continued)

(a) Revenue from commerce business

The Group directly sells and enables merchants to sell their products to transaction users through business-to-business commerce platforms. Revenue from commerce business primarily comprised revenue from merchandise sales and commission income.

Revenue from merchandise sales and related costs is recognized on a gross basis when the Group acts as a principal. Revenue from merchandise sales is recognized at the point in time when the control of the merchandise has been delivered, being when the goods are delivered and accepted.

Commission income is recognized for transactions where the Group is not the primary obligor, is not subject to inventory risk and does not have latitude in establishing prices and selecting suppliers. Commission income is recognized on a net basis which is based on a fixed percentage of the sales amount.

(b) Revenue from service business and other services

The Group provides intelligent business and marketing subscription service to the merchants, offers merchant solutions and renders other various related services.

The Group offers digital and artificial intelligence products and services to subscribing merchants. Revenue of subscription includes fixed subscription fees and service fees for value-added solutions under various modules, such as online storefront build-up and promotional activities. Revenue of fixed subscription fees is generally recognized over time on a ratable basis over the contract term beginning on the date that the service is made available to the customer. Revenue of service fees for value-added solutions is recognized at the point in time when the performance obligations for the services performed are completed.

The Group earns revenue by offering the merchant solutions and other related services including various value-added services to address paying merchants or marketers' online and offline operation needs, including marketing digitalization, digital intelligence solutions, targeted advertisement and other relevant services. Revenue of merchant solutions and other related services is generally recognized at the point in time when the performance obligations for the services performed are completed.

Notes to the Financial Statements

(Expressed in Renminbi unless otherwise indicated)

2 MATERIAL ACCOUNTING POLICIES (CONTINUED)

(w) Revenue and other income (Continued)

(ii) Revenue from other sources and other income

(a) Rental income from operating leases

Rental income from operating leases is recognized in profit or loss on a straight-line basis over the term of the lease. Lease incentives granted are recognized as an integral part of the total rental income, over the term of the lease. Variable lease payments that do not depend on an index or a rate are recognized as income in the accounting period in which they are earned.

(b) Dividends

Dividend income is recognized in profit or loss on the date on which the Group's right to receive payment is established.

(c) Interest income

Interest income is recognized using the effective interest method. The "effective interest rate" is the rate that exactly discounts estimated future cash receipts through the expected life of the financial asset to the gross carrying amount of the financial asset. In calculating interest income, the effective interest rate is applied to the gross carrying amount of the asset (when the asset is not credit-impaired). However, for financial assets that have become credit-impaired subsequent to initial recognition, interest income is calculated by applying the effective interest rate to the amortized cost of the financial asset. If the asset is no longer credit-impaired, then the calculation of interest income reverts to the gross basis.

(d) Government grants

Government grants are recognized in the statement of financial position initially when there is reasonable assurance that they will be received and that the Group will comply with the conditions attaching to them. Grants that compensate the Group for expenses incurred are recognized as income in profit or loss on a systematic basis in the same periods in which the expenses are incurred. Grants that compensate the Group for the cost of an asset are recognized as deferred income and subsequently recognized in profit or loss over the useful life of the asset.

Notes to the Financial Statements

(Expressed in Renminbi unless otherwise indicated)

2 MATERIAL ACCOUNTING POLICIES (CONTINUED)

(x) Research and development costs

Research and development costs comprise all expenses that are directly attributable to research and development activities or that can be allocated on a reasonable basis to such activities. Research and development costs are recognized as expenses in the period in which they are incurred.

(y) Translation of foreign currencies

Transactions in foreign currencies are translated into the respective functional currencies of Group companies at the exchange rates at the dates of the transactions.

Monetary assets and liabilities denominated in foreign currencies are translated into the functional currency at the exchange rate at the reporting date. Non-monetary assets and liabilities that are measured at fair value in a foreign currency are translated into the functional currency at the exchange rate when the fair value was determined. Non-monetary assets and liabilities that are measured based on historical cost in a foreign currency are translated at the exchange rate at the date of the transaction. Foreign currency differences are generally recognized in profit or loss.

However, foreign currency differences arising from the translation of an investment in equity securities designated as at FVOCI are recognized in OCI.

The assets and liabilities of foreign operations, including goodwill and fair value adjustments arising on acquisition, are translated into RMB at the exchange rates at the reporting date. The income and expenses of foreign operations are translated into RMB at the exchange rates at the dates of the transactions.

Foreign currency differences are recognized in OCI and accumulated in the exchange reserve, except to the extent that the translation difference is allocated to NCI.

When a foreign operation is disposed of in its entirety or partially such that control, significant influence or joint control is lost, the cumulative amount in the exchange reserve related to that foreign operation is reclassified to profit or loss as part of the gain or loss on disposal. On disposal of a subsidiary that includes a foreign operation, the cumulative amount of the exchange differences relating to that foreign operation that have been attributed to the NCI shall be derecognized, but shall not be reclassified to profit or loss. If the Group disposes of part of its interest in a subsidiary but retains control, then the relevant proportion of the cumulative amount is reattributed to NCI. When the Group disposes of only part of an associate or joint venture while retaining significant influence or joint control, the relevant proportion of the cumulative amount is reclassified to profit or loss.



Notes to the Financial Statements

(Expressed in Renminbi unless otherwise indicated)

2 MATERIAL ACCOUNTING POLICIES (CONTINUED)

(z) Borrowing costs

Borrowing costs that are directly attributable to the acquisition, construction or production of an asset which necessarily takes a substantial period of time to get ready for its intended use or sale are capitalized as part of the cost of that asset. Other borrowing costs are expensed in the period in which they are incurred.

(aa) Asset acquisition

Groups of assets acquired and liabilities assumed are assessed to determine if they are business or asset acquisitions. On an acquisition-by-acquisition basis, the Group chooses to apply a simplified assessment of whether an acquired set of activities and assets is an asset rather than business acquisition, when substantially all of the fair value of the gross assets acquired is concentrated in a single identifiable asset or group of similar identifiable assets.

When a group of assets acquired and liabilities assumed do not constitute a business, the overall acquisition cost is allocated to the individual identifiable assets and liabilities based on their relative fair values at the date of acquisition. An exception is when the sum of the individual fair values of the identifiable assets and liabilities differs from the overall acquisition cost. In such case, any identifiable assets and liabilities that are initially measured at an amount other than cost in accordance with the Group's policies are measured accordingly, and the residual acquisition cost is allocated to the remaining identifiable assets and liabilities based on their relative fair values at the date of acquisition.

(bb) Related parties

- (a) A person, or a close member of that person's family, is related to the Group if that person:
 - (i) has control or joint control over the Group;
 - (ii) has significant influence over the Group; or
 - (iii) is a member of the key management personnel of the Group or the Group's parent.

Notes to the Financial Statements

(Expressed in Renminbi unless otherwise indicated)

2 MATERIAL ACCOUNTING POLICIES (CONTINUED)

(bb) Related parties (Continued)

- (b) An entity is related to the Group if any of the following conditions applies:
- (i) The entity and the Group are members of the same Group (which means that each parent, subsidiary and fellow subsidiary is related to the others).
 - (ii) One entity is an associate or joint venture of the other entity (or an associate or joint venture of a member of a Group of which the other entity is a member).
 - (iii) Both entities are joint ventures of the same third party.
 - (iv) One entity is a joint venture of a third entity and the other entity is an associate of the third entity.
 - (v) The entity is a post-employment benefit plan for the benefit of employees of either the Group or an entity related to the Group.
 - (vi) The entity is controlled or jointly controlled by a person identified in (a).
 - (vii) A person identified in (a)(i) has significant influence over the entity or is a member of the key management personnel of the entity (or of a parent of the entity).
 - (viii) The entity, or any member of a Group of which it is a part, provides key management personnel services to the Group or to the Group's parent.

Close members of the family of a person are those family members who may be expected to influence, or be influenced by, that person in their dealings with the entity.

(cc) Segment reporting

Operating segments, and the amounts of each segment item reported in the financial statements, are identified from the financial information provided regularly to the Group's most senior executive management for the purposes of allocating resources to, and assessing the performance of, the Group's various lines of business and geographical locations.

Individually material operating segments are not aggregated for financial reporting purposes unless the segments have similar economic characteristics and are similar in respect of the nature of products and services, the nature of production processes, the type or class of customers, the methods used to distribute the products or provide the services, and the nature of the regulatory environment. Operating segments which are not individually material may be aggregated if they share a majority of these criteria.

Notes to the Financial Statements

(Expressed in Renminbi unless otherwise indicated)

3 ACCOUNTING JUDGEMENTS AND ESTIMATES

(a) Critical accounting judgements in applying the Group's accounting policies

In the process of applying the Group's accounting policies, management has made the following critical accounting judgement:

Revenue from merchandise sales in commerce business

Determining whether the Group is acting as a principal or as an agent in the sales of goods on the Group's platform requires judgement and consideration of all relevant facts and circumstances. In evaluation of the Group acting as a principal or an agent, the Group considers, individually or in combination whether the Group is primarily responsible for fulfilment the contract, is subject to the inventory risk, has discretion to establish prices. Having considered the relevant facts and circumstances, the directors consider that the Group obtains control of those goods sold in commerce business before the goods are transferred to the customers. Accordingly, the Group is acting as a principal for the merchandise sales and the related revenue is presented on a gross basis.

(b) Sources of estimation uncertainty

Notes 15, 19, 20 and 29 contain information about the assumptions and their risk factors relating to goodwill impairment and valuation of fair value of financial instruments. Other significant sources of estimation uncertainty are as follows:

(i) *Inventories*

Net realizable value of inventories is the estimated selling price in the ordinary course of business, less estimated costs of completion and selling expenses. These estimates are based on the current market condition and the historical experience of manufacturing and selling products of similar nature. In addition, these estimates could change significantly as a result of change in customer preference and competitor actions in response to industry cycles. Management measures these estimates at each statement of financial position date.

(ii) *Loss allowance for expected credit losses*

The Group estimates the amount of loss allowance for ECLs on trade and other receivables that are measured at amortized cost based on the credit risk of the respective financial instruments. The loss allowance amount is measured as the asset's carrying amount and the present value of estimated future cash flows with the consideration of expected future credit loss of the respective financial instrument. The assessment of the credit risk of the respective financial instrument involves high degree of estimation and uncertainty. When the actual future cash flows are less than expected or more than expected, a material impairment loss or a material reversal of impairment loss may arise, accordingly.

Notes to the Financial Statements

(Expressed in Renminbi unless otherwise indicated)

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. Further details regarding the Group's principal activities are disclosed in Note 4(b).

(i) Disaggregation of revenue

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

	2025 RMB'000	2024 RMB'000
Revenue from contracts with customers within the scope of IFRS 15		
Revenue from merchandise sales	51,529,380	59,269,204
Revenue from subscription	421,000	510,851
Revenue from merchant solutions	132,252	99,623
Revenue from other services	214,826	179,650
	52,297,458	60,059,328

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

	2025 RMB'000	2024 RMB'000
A point in time	51,876,458	59,548,477
Over time	421,000	510,851
	52,297,458	60,059,328

The Group recognized its revenue from contracts with customers in accordance with accounting policy as set out in Note 2(w)(i).

Notes to the Financial Statements

(Expressed in Renminbi unless otherwise indicated)

4 REVENUE AND SEGMENT REPORTING (CONTINUED)

(a) Revenue (Continued)

(i) *Disaggregation of revenue (Continued)*

The Group's customer base is diversified and nil (2024: nil) of the customers with whom transactions have exceeded 10% of the Group's revenues for the year ended December 31, 2025. Details of concentrations of credit risk arising from the customers are set out in Note 37(a).

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

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

(b) Segment reporting

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

Commerce business

The commerce business segment, which mainly 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.

Notes to the Financial Statements

(Expressed in Renminbi unless otherwise indicated)

4 REVENUE AND SEGMENT REPORTING (CONTINUED)

(b) Segment reporting (Continued)

(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, 2025 and 2024 is set out below.

	2025			
	Commerce business RMB'000	Service business RMB'000	Others RMB'000	Total RMB'000
Reportable segment revenue	51,529,380	553,252	214,826	52,297,458
Reportable segment profit	1,719,933	455,522	156,074	2,331,529

Notes to the Financial Statements

(Expressed in Renminbi unless otherwise indicated)

4 REVENUE AND SEGMENT REPORTING (CONTINUED)

(b) Segment reporting (Continued)

(i) Segment results, assets and liabilities (Continued)

	2024			
	Commerce business RMB'000	Service business RMB'000	Others RMB'000	Total RMB'000
Reportable segment revenue	59,269,467	610,474	179,387	60,059,328
Reportable segment profit	1,639,455	529,371	140,069	2,308,895

The reconciliation of gross profit to profit before tax for the years ended December 31, 2025 and 2024 is shown in the consolidated statements of profit or loss.

(ii) Geographic information

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

5 OTHER REVENUE AND OTHER NET GAIN

(a) Other revenue

	2025 RMB'000	2024 RMB'000
Government grants	30,017	39,727
Others	489	3,427
	30,506	43,154

During the year ended December 31, 2025, the Group received unconditional government grants of RMB30,017,000 (2024: RMB39,727,000) as rewards of the Group's contribution to technology innovation and regional economic development.

Notes to the Financial Statements

(Expressed in Renminbi unless otherwise indicated)

5 OTHER REVENUE AND OTHER NET GAIN (CONTINUED)

(b) Other net gain

	2025 RMB'000	2024 RMB'000
Net realized and unrealized gain on financial assets at fair value through profit or loss	67,942	69,629
Net loss on disposal of interests in subsidiaries (Note 25(e))	(15,785)	(10,635)
Impairment loss on investment property	(11,316)	(10,893)
Net gain/(loss) on disposal of property, plant and equipment and investment property	297	(2,297)
Net foreign exchange loss	(274)	(145)
Net realized and unrealized gain/(loss) on financial liabilities at fair value through profit or loss	30	(56)
Others	3,410	11,802
	44,304	57,405

6 PROFIT BEFORE TAXATION

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

(a) Net finance costs

	2025 RMB'000	2024 RMB'000
Interest income from bank deposits	(108,813)	(163,951)
Finance income	(108,813)	(163,951)
Interest expenses on discounted bills and bank loans (Note 25(c))	187,019	238,740
Interest expenses on loans from non-controlling shareholders of subsidiaries (Note 25(c))	398	453
Interest expenses on lease liabilities (Note 25(c))	3,098	2,967
Finance costs	190,515	242,160
Net finance costs	81,702	78,209

Notes to the Financial Statements

(Expressed in Renminbi unless otherwise indicated)

6 PROFIT BEFORE TAXATION (CONTINUED)

(b) Staff costs

	2025 RMB'000	2024 RMB'000
Salaries, wages and other benefits	507,227	529,923
Contributions to defined contribution retirement plans	32,951	34,483
Equity settled share-based payment expenses (Note 35)	47,014	32,939
	587,192	597,345

Employees of the Group's PRC subsidiaries are required to participate in a defined contribution retirement scheme administered and operated by the local municipal government. The Group's PRC subsidiaries contribute funds which are calculated on certain percentages of the average employee salary as agreed by the local municipal government to the scheme to fund the retirement benefits of the employees. The Group remits all the defined contribution retirement scheme contributions to the respective social security offices, which are responsible for the payments and liabilities relating to the defined contribution retirement scheme. The Group's contributions to the defined contribution retirement plans are expensed as incurred and not reduced by contributions forfeited by those employees who leave the plans prior to vesting fully in the contributions.

The Group has no other material obligation for the payment of retirement benefits associated with the scheme beyond the contributions described above.

Notes to the Financial Statements

(Expressed in Renminbi unless otherwise indicated)

6 PROFIT BEFORE TAXATION (CONTINUED)

(c) Other items

	2025 RMB'000	2024 RMB'000
Cost of inventories recognized as expenses (Note i)	49,725,912	57,560,902
Depreciation charge		
– owned property, plant and equipment	20,676	22,311
– right-of-use assets	34,636	40,828
– investment property	5,184	3,895
– intangible assets	711	–
Impairment loss on investment property	11,316	10,893
Research and development costs (Note ii)	59,794	67,066
Provision for credit loss on trade and other receivables		
– expected credit loss on trade and other receivables	384,925	308,982
– write-on of other receivables previously written off	(20,638)	(4,261)
Provision for write-down of inventories	12,519	38,350
Auditors' remuneration		
– audit services	7,500	7,100
– non-audit services	296	15

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.



Notes to the Financial Statements

(Expressed in Renminbi unless otherwise indicated)

7 INCOME TAX IN THE CONSOLIDATED STATEMENT OF PROFIT OR LOSS

(a) Taxation in the consolidated statement of profit or loss represents:

	2025 RMB'000	2024 RMB'000
Current tax		
Provision for the year	106,343	111,675
Deferred tax		
Origination and reversal of temporary differences (Note 33(b))	(25,989)	(54,212)
Total income tax expense	80,354	57,463

Notes:

- (i) Pursuant to the income tax rules and regulations of Hong Kong, the subsidiary in Hong Kong was liable to the Hong Kong Profits Tax at a rate of 16.5% during the years ended December 31, 2025.
- (ii) The Company and PRC subsidiaries of the Group are subject to PRC Corporate Income Tax ("CIT") at a statutory rate of 25%, except for the following specified subsidiaries:

According to the Administrative Measures for Determination of High-Tech Enterprises (Guokefahuo [2016] No. 32), the Company obtained the qualification as a high-tech enterprise and was entitled to a preferential income tax rate of 15% for the years from 2024 to 2027.

Huitone Datatech Smart Technology Co., Ltd. obtained the qualification as a high-tech enterprise and was entitled to a preferential income tax rate of 15% for the years from 2024 to 2027.

According to Announcement [2023] No. 12, "The Announcement of Implementation of Income Tax Incentives for Micro and Small Enterprises and Individually-owned Businesses" issued by Ministry of Finance of the PRC and National Tax Bureau on August 2, 2023, the small-scaled minimal profit enterprise is entitled to a preferential tax treatment of 75% exemption of taxable income and application of income tax rate as 20% for the years from 2023 to 2027.

Notes to the Financial Statements

(Expressed in Renminbi unless otherwise indicated)

7 INCOME TAX IN THE CONSOLIDATED STATEMENT OF PROFIT OR LOSS (CONTINUED)

(a) Taxation in the consolidated statement of profit or loss represents: (Continued)

Notes: (Continued)

(ii) (Continued)

Pursuant to Caishui [2011] No.58 and Caishui [2020] No.23 Notice on Tax Policies for Further Implementation of Western Regions Development Strategy, certain subsidiaries in the Group established in the western regions of the PRC, and are entitled to the preferential income tax rate of 15% from 2021 to 2030.

Certain subsidiaries in the Group which are primarily engaged in merchandise sales in commerce business meet the conditions as small-scaled minimal profit enterprise or western regions development enterprise were qualified for the entitlement of such preferential tax treatment during the years end December 31, 2025 and 2024.

(b) Reconciliation between tax expense and profit before taxation at applicable tax rates:

	2025 RMB'000	2024 RMB'000
Profit before taxation	609,712	519,232
Notional tax on profit before taxation, calculated using the PRC statutory tax rate of 25%	152,428	129,808
Effect of preferential tax rate	(88,330)	(87,794)
Tax effect of non-deductible expenses	2,995	1,928
Tax effect of tax losses not recognized	4,067	14,336
Tax effect of temporary differences not recognized	16,114	6,829
Tax effect of bonus deduction for research and development costs	(6,920)	(7,644)
Actual tax expense	80,354	57,463

Notes to the Financial Statements

(Expressed in Renminbi unless otherwise indicated)

8 DIRECTORS' EMOLUMENTS

Directors' emoluments disclosed pursuant to section 383(1) of the Hong Kong Companies Ordinance and Part 2 of the Companies (Disclosure of Information about Benefits of Directors) Regulation are as follows:

	Salaries, allowances and benefits		Discretionary bonuses	Retirement scheme contributions	Subtotal	Equity settled share-based payments	2025 Total
	Directors' fees	in kind					
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
Executive directors							
Xu Xiuxian	-	1,906	496	-	2,402	1,026	3,428
Zhao Liangsheng	-	1,314	306	46	1,666	577	2,243
Sun Chao	-	963	288	46	1,297	1,056	2,353
Non-executive directors							
Wang Jianguo	-	-	-	-	-	-	-
Cai Zhongqiu	-	-	-	-	-	-	-
Wang Ran (resigned on March 27, 2025)	-	-	-	-	-	-	-
Xu Di (appointed on March 27, 2025 and resigned on November 19, 2025)	-	-	-	-	-	-	-
Independent non-executive directors							
Yu Lixin	120	-	-	-	120	-	120
Diao Yang	120	-	-	-	120	-	120
Liu Xiangdong	120	-	-	-	120	-	120
Supervisors							
Li Wei (resigned on December 19, 2025)	-	601	150	46	797	320	1,117
Wang Xinghua (resigned on December 19, 2025)	-	401	106	19	527	192	719
Wang Xiaowei (appointed on May 21, 2025 and resigned on December 19, 2025)	-	282	49	10	341	103	444
Mao Yijun (resigned on May 21, 2025)	-	748	158	19	925	353	1,278
	360	6,215	1,553	186	8,315	3,627	11,942

Notes to the Financial Statements

(Expressed in Renminbi unless otherwise indicated)

8 DIRECTORS' EMOLUMENTS (CONTINUED)

	Directors' fees	Salaries, allowances and benefits in kind	Discretionary bonuses	Retirement scheme contributions	Subtotal	Equity settled share-based payments	2024 Total
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
Executive directors							
Xu Xiuxian	-	1,721	-	-	1,721	1,730	3,451
Zhao Liangsheng	-	1,109	-	46	1,155	968	2,123
Sun Chao	-	1,038	276	46	1,360	3,445	4,805
Non-executive directors							
Wang Jianguo	-	-	-	-	-	-	-
Wang Ran	-	-	-	-	-	-	-
Cai Zhongjiu	-	-	-	-	-	-	-
Independent non-executive directors							
Yu Lixin	120	-	-	-	120	-	120
Diao Yang	120	-	-	-	120	-	120
Liu Xiangdong	120	-	-	-	120	-	120
Supervisors							
Mao Yijun	-	623	130	19	772	665	1,437
Wang Xinghua	-	418	101	19	538	388	926
Li Wei	-	779	140	46	965	522	1,487
	360	5,688	647	176	6,871	7,718	14,589

During the years ended December 31, 2025 and 2024, no amounts were paid or payable by the Group to the directors and supervisors as an inducement to join or upon joining the Group or as compensation for loss of any office in connection with the management of the affairs of any member of the Group.

During the years ended December 31, 2025 and 2024, each of the directors of the Company did not waive or agreed to waive any remuneration.

Notes to the Financial Statements

(Expressed in Renminbi unless otherwise indicated)

9 INDIVIDUALS WITH HIGHEST EMOLUMENTS

Of the five individuals with the highest emoluments, three (2024: three) are directors and nil (2024: nil) is supervisor whose emoluments are disclosed in Note 8. The aggregate of the emoluments in respect of the remaining individuals are as follows:

	2025	2024
	RMB'000	RMB'000
Salaries, allowances and benefits in kind	3,820	2,793
Discretionary bonuses	793	925
Retirement scheme contributions	58	87
Equity settled share-based payments	538	1,021
	5,209	4,826

The emoluments of the two (2024: two) individuals with the highest emoluments are within the following bands:

	2025	2024
	Number of individuals	Number of individuals
Hong Kong Dollar ("HK\$") 2,000,001 to HK\$2,500,000	1	1
HK\$3,000,001 to HK\$3,500,000	–	1
HK\$3,500,001 to HK\$4,000,000	1	–

Notes to the Financial Statements

(Expressed in Renminbi unless otherwise indicated)

10 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 RMB300,294,000 (2024: RMB269,738,000). The weighted average number of ordinary shares for the purpose of basic earnings per share is calculated as follows:

	2025	2024
Issued ordinary shares at the beginning of the year	562,569,837	562,569,837
Treasury shares at the beginning of the year	(8,322,910)	(3,450,400)
Effect of purchase of own shares (Note 36(d))	(77,410)	(4,732,641)
Effect of vested shares under the RSU Scheme (Note 35)	–	41,632
Weighted average number of ordinary shares at the end of the year for the purpose of basic earnings per share	554,169,517	554,428,428

(b) Diluted earnings per share

The calculation of the diluted earnings per share is based on the profit attributable to ordinary equity shareholders of the Company of RMB300,294,000 (2024: RMB269,738,000) and the weighted average number of ordinary shares of 554,169,517 shares (2024: 554,428,428 shares).

During the year ended December 31, 2024, diluted earnings per share was the same as the basic earnings per share as there were no dilutive potential ordinary shares issued.

During the year ended December 31, 2025, the dilutive potential ordinary shares of the Share Option Scheme (as defined in Note 35) were not included in the calculation of diluted earnings per share as the exercise price of the Share Option Scheme is higher than the average market price of the ordinary shares of the Company during the year ended December 31, 2025. Accordingly, diluted earnings per share was the same as basic earnings per share of the year ended December 31, 2025.



Notes to the Financial Statements

(Expressed in Renminbi unless otherwise indicated)

11 PROPERTY, PLANT AND EQUIPMENT

	Buildings RMB'000	Leasehold improvements RMB'000	Electronic equipment RMB'000	Furniture, fixtures and office equipment RMB'000	Motor vehicles RMB'000	Machinery RMB'000	Construction in progress RMB'000	Total RMB'000
Cost:								
At January 1, 2024	6,761	70,362	35,776	19,003	26,038	30,106	1,282	189,328
Additions	-	2,294	956	5,773	8,111	7,940	2,801	27,875
Transfers	-	2,274	-	-	-	-	(2,274)	-
Disposals	-	-	(6,330)	(2,445)	(9,077)	(371)	-	(18,223)
Disposal of interests in subsidiaries (Note 25(e))	-	(410)	(355)	(120)	(198)	(9)	-	(1,092)
At December 31, 2024 and January 1, 2025	6,761	74,520	30,047	22,211	24,874	37,666	1,809	197,888
Additions	-	139	1,565	460	8,499	15,713	1,934	28,310
Transfers	-	3,352	-	-	-	-	(3,352)	-
Disposals	(762)	-	(1,051)	(1,266)	(7,206)	(1,248)	-	(11,533)
Disposal of interests in subsidiaries (Note 25(e))	-	(515)	(742)	(504)	(180)	(4)	-	(1,945)
Business combination of Boundary Group (Note 39)	-	-	1,367	309	-	-	-	1,676
Other business combination	19,934	-	-	-	-	5,167	-	25,101
At December 31, 2025	25,933	77,496	31,186	21,210	25,987	57,294	391	239,497
Accumulated depreciation:								
At January 1, 2024	262	48,585	30,633	11,283	13,961	2,879	-	107,603
Charge for the year	308	10,499	3,808	1,286	3,025	3,385	-	22,311
Written back on disposals	-	-	(6,004)	(2,054)	(2,550)	(54)	-	(10,662)
Disposal of interests in subsidiaries (Note 25(e))	-	(351)	(306)	(105)	(179)	(5)	-	(946)
At December 31, 2024 and January 1, 2025	570	58,733	28,131	10,410	14,257	6,205	-	118,306
Charge for the year	615	7,737	1,203	1,615	2,761	6,745	-	20,676
Written back on disposals	(73)	-	(754)	(1,001)	(1,214)	(863)	-	(3,905)
Disposal of interests in subsidiaries (Note 25(e))	-	(494)	(663)	(208)	(176)	(2)	-	(1,543)
At December 31, 2025	1,112	65,976	27,917	10,816	15,628	12,085	-	133,534
Net book value:								
At December 31, 2024	6,191	15,787	1,916	11,801	10,617	31,461	1,809	79,582
At December 31, 2025	24,821	11,520	3,269	10,394	10,359	45,209	391	105,963

Notes to the Financial Statements

(Expressed in Renminbi unless otherwise indicated)

12 RIGHT-OF-USE ASSETS

The Group has obtained the right to use certain office and warehouse properties through tenancy agreements during the reporting period. The leases typically run for a period of 1 to 10 years. The analysis of the net book value of right-of-use assets by class of underlying asset is presented below:

	Properties held for own use RMB'000
At January 1, 2024	78,293
Additions	59,959
Depreciation charge for the year	(40,828)
Disposal of interests in subsidiaries (Note 25(e))	(15,335)
Ceasing leases during the year	(2,731)
At December 31, 2024 and January 1, 2025	79,358
Additions	44,118
Business combination of Boundary Group (Note 39)	5,056
Depreciation charge for the year	(34,636)
Disposal of interests in subsidiaries (Note 25(e))	(1,830)
Ceasing leases during the year	(7,722)
At December 31, 2025	84,344

The analysis of expense items in relation to leases recognized in profit or loss is as follows:

	2025 RMB'000	2024 RMB'000
Depreciation charge of right-of-use assets	34,636	40,828
Interest on lease liabilities (Note 6(a))	3,098	2,967
Expense relating to short-term leases	43,181	43,025

Details of total cash outflow for leases, the maturity analysis of lease liabilities and the future cash outflows arising from leases are set out in Notes 25(d), 28 and 37(b), respectively.

Notes to the Financial Statements

(Expressed in Renminbi unless otherwise indicated)

13 INVESTMENT PROPERTY

	Buildings
	RMB'000
Cost:	
At January 1, 2024	30,605
Additions	149,693
Disposals	(12,007)
At December 31, 2024 and January 1, 2025	168,291
Additions	10,751
At December 31, 2025	179,042
Accumulated depreciation and impairment:	
At January 1, 2024	5,307
Charge for the year	3,895
Impairment loss	10,893
Written back on disposals	(2,698)
At December 31, 2024 and January 1, 2025	17,397
Charge for the year	5,184
Impairment loss	11,316
At December 31, 2025	33,897
Net book value:	
At December 31, 2024	150,894
At December 31, 2025	145,145

As at December 31, 2025, the fair value of investment property is valued by an independent third-party valuer to be RMB152,923,000 (2024: RMB152,355,000).

The Group's investment property is located in the PRC. The fair value measurement of the Group's investment property is categorized into Level 3 of fair value measurement. The fair value was determined based on the market comparison approach by reference to recent sales price of comparable properties on a price per square meter basis, adjusted for a premium or a discount specific to the quality of the Group's buildings compared to the recent sales.

Notes to the Financial Statements

(Expressed in Renminbi unless otherwise indicated)

14 INTANGIBLE ASSETS

	Customer Relationships RMB'000	Patent RMB'000	Total RMB'000
Cost:			
At January 1, 2024, December 31, 2024 and January 1, 2025	–	–	–
Business combination of Boundary Group (Note 39)	56,300	29,000	85,300
At December 31, 2025	56,300	29,000	85,300
Accumulated amortization:			
At December 31, 2024 and January 1, 2025	–	–	–
Charge for the year	(469)	(242)	(711)
At December 31, 2025	(469)	(242)	(711)
Net book value:			
At December 31, 2024	–	–	–
At December 31, 2025	55,831	28,758	84,589

Intangible assets represent customer relationships and patent acquired by the Group in connection with the acquisition of Boundary Group completed on November 29, 2025. The amortization charge for the years ended December 31, 2025 is included in “cost of revenue” in the consolidated statement of profit or loss.

15 GOODWILL

	2025 RMB'000	2024 RMB'000
Balance at the beginning and the end of the year	359,791	–

Impairment tests for cash-generating units containing goodwill

For the purpose of goodwill impairment testing, goodwill arising from the business combination was allocated to the appropriate cash-generation units (“CGU”) of the Group identified in Boundary Group acquired by the Group in 2025.

Notes to the Financial Statements

(Expressed in Renminbi unless otherwise indicated)

15 GOODWILL (CONTINUED)

Impairment tests for cash-generating units containing goodwill (Continued)

Goodwill is allocated to the Group's CGU as follows:

	2025 RMB'000	2024 RMB'000
Boundary Group	359,791	–

The recoverable amount of the CGU is determined based on value-in-use calculations. The group engaged an independent professional valuer to assist with the calculation. These calculations use cash flow projections based on financial budgets approved by management covering a five-year period. Cash flows beyond the five-year period are extrapolated using a perpetual growth rate of 2.0% which is consistent with the forecasts included in industry reports. The key assumptions used in estimating the recoverable amount are as follows:

	2025
Revenue growth rate (average during the forecast period)	12.7%
Operating profit margin (average during the forecast period)	25.1%
Pre-tax discount rate	22.7%

The estimated recoverable amount of the CGU exceeded its carrying amount as at December 31, 2025 by approximately RMB8,967,000.

Management performed sensitivity analysis of three key assumptions that could significantly affect the recoverable amount. The following table shows the percentage by which these three assumptions would need to change individually for the estimated recoverable amount to be equal to the carrying amount:

Change required for recoverable amount to equal carrying amount (in percentage point)

Boundary Group

Decrease in revenue growth rate during the forecast period (average during the forecast period)	-0.2%
Decrease in operating profit margin rate (average during the forecast period)	-0.4%
Increase in discount rate	0.3%

Notes to the Financial Statements

(Expressed in Renminbi unless otherwise indicated)

16 INTERESTS IN SUBSIDIARIES

The following list contains only the particulars of subsidiaries which principally affected the results, assets or liabilities of the Group. The class of shares held is ordinary unless otherwise stated.

Name of company	Place of establishment and business	Particulars of issued and paid-in capital	Proportion of ownership interest			Principal activity
			Group's effective interest	Held by the Company	Held by a subsidiary	
Huitone Datatech Smart Technology Co., Ltd. (匯通數科智能科技有限公司)	The PRC	RMB53,652,941	59%	59%	–	Provision of intelligent business and marketing solutions through service offering platform and other relevant services
Jiangsu Sanchuang Trading Co., Ltd. (江蘇三創商貿有限公司)	The PRC	RMB20,000,000	100%	100%	–	Sales of merchandise in commerce business
Guangdong Huitongda Trade Development Co., Ltd. (廣東匯通達貿易發展有限公司)	The PRC	RMB nil	100%	100%	–	Sales of merchandise in commerce business
Zhejiang Huabaihui Technology Co., Ltd. (浙江華百匯網絡科技有限公司)	The PRC	RMB10,000,000	100%	100%	–	Sales of merchandise in commerce business
Ningbo Huitongda Technology Co., Ltd. (寧波匯通達科技有限公司)	The PRC	RMB1,000,000	100%	–	100%	Sales of merchandise in commerce business
Zhejiang Huixian Network Technology Co., Ltd. (浙江匯賢網絡科技有限公司)	The PRC	RMB10,000,000	100%	–	100%	Sales of merchandise in commerce business
Shanghai Danao Network Technology Co., Ltd. (上海達腦網絡科技有限公司)	The PRC	RMB20,000,000	69%	69%	–	Sales of merchandise in commerce business
Liaoning qianyun Baiying Agricultural Technology Co., Ltd. (遼寧阡耘百盈農業科技有限公司)	The PRC	RMB6,200,000	60%	–	60%	Sales of merchandise in commerce business
Shandong Sanlian Tongda Network Technology Co., Ltd. (山東三聯通達網絡科技有限公司)	The PRC	RMB44,000,000	40%	–	40%	Sales of merchandise in commerce business
Nanjing meitejia Network Technology Co., Ltd. (南京美特嘉網絡科技有限公司)	The PRC	RMB5,000,000	80%	–	80%	Sales of merchandise in commerce business

Notes to the Financial Statements

(Expressed in Renminbi unless otherwise indicated)

16 INTERESTS IN SUBSIDIARIES (CONTINUED)

Name of company	Place of establishment and business	Particulars of issued and paid-in capital	Proportion of ownership interest			Principal activity
			Group's effective interest	Held by the Company	Held by a subsidiary	
Hangzhou Huiyin Electronics Co., Ltd. (杭州匯銀電子有限公司)	The PRC	RMB10,000,000	60%	60%	–	Sales of merchandise in commerce business
Jiangsu Home Express Trading Co., Ltd. (江蘇居家運通商貿有限公司)	The PRC	RMB10,000,000	51%	51%	–	Sales of merchandise in commerce business
Huitongda Zhejiang Network Co., Ltd. (匯通達浙江網絡有限公司)	The PRC	RMB30,000,000	51%	51%	–	Sales of merchandise in commerce business
Shandong Qianyun Agricultural Development Co., Ltd. (山東阡耘農業發展有限公司)	The PRC	RMB10,000,000	75%	–	75%	Sales of merchandise in commerce business
Jiangsu Shengshi Zhuocheng Electronic Technology Co., Ltd. (江蘇盛世卓成電子科技有限公司)	The PRC	RMB nil	60%	–	60%	Sales of merchandise in commerce business
Ningbo Huimei Network Technology Co., Ltd. (寧波匯美網絡科技有限公司)	The PRC	RMB1,500,000	99%	99%	–	Sales of merchandise in commerce business
Hangzhou Pinchen Information Technology Co., Ltd. (杭州品臣信息科技有限公司)	The PRC	RMB5,000,000	60%	60%	–	Sales of merchandise in commerce business
Shengzhou Huiran Technology Co., Ltd. (嵊州匯然科技有限公司)	The PRC	RMB5,000,000	60%	–	60%	Sales of merchandise in commerce business
Hangzhou Jingwei E-commerce Co., Ltd. (杭州景威電子商務有限公司)	The PRC	RMB2,500,000	51%	–	51%	Sales of merchandise in commerce business
Jiangsu Dachuang Electric Appliance Co., Ltd. (江蘇達創電器有限公司)	The PRC	RMB10,000,000	51%	51%	–	Sales of merchandise in commerce business
Beijing Huidetongda Network Technology Co., Ltd. (北京匯德通達網絡科技有限公司)	The PRC	RMB10,000,000	60%	–	60%	Sales of merchandise in commerce business
Chongqing Sanmeng Agriculture Co., Ltd. (重慶三盟農業有限公司)	The PRC	RMB20,000,000	40%	–	40%	Sales of merchandise in commerce business

Notes to the Financial Statements

(Expressed in Renminbi unless otherwise indicated)

16 INTERESTS IN SUBSIDIARIES (CONTINUED)

Name of company	Place of establishment and business	Particulars of issued and paid-in capital	Proportion of ownership interest			Principal activity
			Group's effective interest	Held by the Company	Held by a subsidiary	
Nanjing Yuefanyun Network Technology Co., Ltd. (南京市悦梵雲網絡科技有限公司)	The PRC	RMB10,000,000	99%	–	99%	Sales of merchandise in commerce business
Ningbo Yunhuida Electric Appliance Co., Ltd. (寧波雲匯達電器有限公司)	The PRC	RMB2,000,000	95%	95%	–	Sales of merchandise in commerce business
Huimei (Jiaxing) Network Technology Co., Ltd. (匯美(嘉興)網絡科技有限公司)	The PRC	RMB nil	99%	–	99%	Sales of merchandise in commerce business
Shengzhou Pintai Information Technology Co., Ltd. (嵊州品泰信息科技有限公司)	The PRC	RMB nil	60%	–	60%	Sales of merchandise in commerce business
Zhejiang Huichao Network Technology Co., Ltd. (浙江匯超網絡科技有限公司)	The PRC	RMB20,000,000	86%	86%	–	Sales of merchandise in commerce business
Jiangsu Huiyinglian Technology and Trading Co., Ltd. (江蘇匯盈鏈科貿有限公司)	The PRC	RMB1,500,000	100%	–	100%	Sales of merchandise in commerce business

These entities are limited liability companies established in the PRC. The official names of these entities are in Chinese. The English translation of the company names is for identification purpose only.

During the years ended December 31, 2025 and 2024, the Group's non-controlling interests are diverse among the subsidiaries. None of the Group's subsidiaries has a material non-controlling interest.



Notes to the Financial Statements

(Expressed in Renminbi unless otherwise indicated)

17 INTERESTS IN ASSOCIATES

The following list contains the particulars of associates of the Group, all of which are unlisted corporate entities whose quoted market price is not available:

Name of associate	Place of establishment and business	Particulars of issued and paid-in capital	Proportion of ownership interest as at December 31, 2025			Principal activity
			Group's effective interest	Held by the Company	Held by a subsidiary	
Nanjing Nongpaidang Network Technology Co., Ltd. (南京農拍檔網絡科技有限公司) (Note i)	The PRC	RMB15,200,000	19%	19%	–	Development of agricultural e-commerce and service offering platforms
Hainan Huitong Youcheng Information Technology Co., Ltd. (海南匯通優丞信息科技有限公司) (Note ii)	The PRC	RMB6,000,000	20%	–	20%	Rendering human resource services
Nanjing Shumei Health Technology Co., Ltd. (南京數美健康科技有限公司) (Note iii)	The PRC	RMB4,936,857	30%	–	30%	Rendering technology services and sales of merchandise
Gongqingcheng Zhonghuida Electronics Co., Ltd. (共青城中匯達電子有限公司) (Note iv)	The PRC	RMB50,000,000	20%	–	20%	Investment holding
Jiangsu Z-Zip Bee Commercial Chain Management Co., Ltd. (江蘇折蜂商業連鎖管理有限公司) (Note v)	The PRC	RMB8,000,000	40%	–	40%	Sales of merchandise in commerce business

Notes:

- (i) In September 2019, the Group entered into an investment agreement to invest 51% equity interest in Nanjing Nongpaidang Network Technology Co., Ltd. (“Nanjing Nongpaidang”) through capital injection of RMB5,100,000, upon which Nanjing Nongpaidang became a subsidiary of the Group. The investment in Nanjing Nongpaidang, an innovative company focusing on development of agricultural e-commerce and service offering platforms, enables the Group to have exposure to market of agricultural production materials.

In May 2020, the Group entered into an agreement with a third party, pursuant to which, the Group agreed to dispose its 20% equity interest in Nanjing Nongpaidang at a cash consideration of RMB1,600,000. Meanwhile, another third party acquired 37.5% equity interest in Nanjing Nongpaidang through capital injection of RMB6,000,000. Upon the completion of the Group's disposal and capital injection from the third party, the proportion of the Group's equity interest in Nanjing Nongpaidang has been diluted to 19% and Nanjing Nongpaidang ceased to be a subsidiary of the Group but became an associate of the Group. The Group has a right to appoint one director to the board of Nanjing Nongpaidang in accordance with the articles of association, therefore the directors of the Company are in the view that the Group can cast significant influence on Nanjing Nongpaidang and consider it is an associate of the Group.

- (ii) In November 2020, the Group invested 20% of the equity interest in Hainan Huitong Youcheng Information Technology Co., Ltd. through capital injection of RMB2,000,000.

Notes to the Financial Statements

(Expressed in Renminbi unless otherwise indicated)

17 INTERESTS IN ASSOCIATES (CONTINUED)

Notes: (Continued)

- (iii) In November 2021, the Group disposed 53% of the subscribed equity interest in Nanjing Shumei Health Technology Co., Ltd. ("Nanjing Shumei"), which was the Group's subsidiary principally engaged in rendering technology services and sales of merchandise, at nil consideration. As of the date of disposal, nil capital contribution was made by the Group in Nanjing Shumei. Upon the completion of the Group's disposal, the proportion of the Group's equity interest in Nanjing Shumei has been diluted to 30% and Nanjing Shumei ceased to be a subsidiary of the Group but became an associate of the Group. As at December 31, 2025, the Group has made capital contribution of RMB1,800,000.
- (iv) In November 2022, the Group entered into an agreement and agreed to subscribe 20% of the equity interest in Gongqingcheng Zhonghuida Electronics Co., Ltd. ("Gongqingcheng Zhonghuida"). Gongqingcheng Zhonghuida and its subsidiaries are principally engaged in research and development, manufacturing and sales of household appliances in the PRC. As at December 31, 2025 and 2024, the Group has made capital contribution of RMB10,000,000.
- (v) In October 2025, the Group entered into an agreement and agreed to subscribe 40% of the equity interest in Jiangsu Z-Zip Bee Commercial Chain Management Co., Ltd. ("Z-Zip Bee"). through capital injection of RMB4,000,000. Z-Zip Bee primarily engaged in the retail business of merchandise. As at December 31, 2025, the Group has made capital contribution of RMB4,000,000.

All of the above associates are accounted for using the equity method in the consolidated financial statements.

The Group assesses whether this is any objective evidence that its interest in the associates are impaired at the end of each reporting period by considering the associates' business development process, any significant financial difficulty, default or bankruptcy encountered by the associates and adverse change in technological, market, economic or legal environment. Based on the assessment above, the Group concluded that no impairment indicator was identified at the end of each reporting period and no impairment loss of interests in associates is considered necessary to be recognized in the consolidated statement of profit or loss.

Aggregate information of associates that are not individually material:

	2025 RMB'000	2024 RMB'000
Aggregate carrying amount of individually immaterial associates in the consolidated financial statements	16,458	12,623
Aggregate amounts of the Group's share of those associates' (Losses)/profits from continuing operations	(165)	196
Other comprehensive income	-	-
Total comprehensive income	(165)	196

Notes to the Financial Statements

(Expressed in Renminbi unless otherwise indicated)

18 INTERESTS IN A JOINT VENTURE

Details of the Group's interests in a joint venture, which is accounted for using the equity method in the consolidated financial statements, are as follows:

Name of associate	Place of establishment and business	Particulars of issued and paid-in capital	Proportion of ownership interest as at December 31, 2025			Principal activity
			Group's effective interest	Held by the Company	Held by a subsidiary	
Yangzhou Huizheng Technology Innovation Investment Partnership Enterprise (Limited Partnership) ("Yangzhou Huizheng") (揚州匯正科技創新投資合夥企業(有限合夥))	The PRC	RMB30,000,000	49%	49%	-	Investment holding and management of various equity and debt portfolios

In December 2023, the Group entered into an investment agreement to invest 49% of the equity interest in Yangzhou Huizheng through capital injection of RMB14,700,000. Yangzhou Huizheng is an unlisted limited partnership principally engaged in management of investment portfolios in the PRC. No single investor is in a position to control the investors' meeting or the partners' meeting. Therefore, the directors of the Company consider Yangzhou Huizheng to be a joint venture of the Group.

19 FINANCIAL ASSETS AT FAIR VALUE THROUGH OTHER COMPREHENSIVE INCOME

	2025 RMB'000	2024 RMB'000
Equity securities designated at FVOCI (non-recycling)		
- Investment in unlisted equity security	-	2,000

As at December 31, 2024, the unlisted equity security is equity interest of a private entity incorporated in the PRC. This entity is principally engaged in offering pawns services to individuals or small and medium enterprises.

The Group designated its investment at FVOCI (non-recycling), as the investment is held for strategic purposes. No dividends were received on this investment during the year (2024: nil).

The analysis on the fair value measurement of the above financial asset is disclosed in Note 37(e).

Notes to the Financial Statements

(Expressed in Renminbi unless otherwise indicated)

20 FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS

	2025 RMB'000	2024 RMB'000
Financial assets at FVPL – non-current portion		
– Unlisted investments	376,648	386,308
– Structured deposits and wealth management products	330,083	573,047
Financial assets at FVPL – current portion		
– Structured deposits and wealth management products	4,018,670	3,516,166
– Future contracts	45	–
	4,725,446	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.

As at December 31, 2025, structured deposits and wealth management products of RMB1,883,000,000 (2024: RMB1,627,000,000) were pledged as security for issuance of bills payable.

The analysis on the fair value measurement of the above financial assets is disclosed in Note 37(e).

21 INVENTORIES

(a) Inventories in the consolidated statement of financial position comprise:

	2025 RMB'000	2024 RMB'000
Merchandise	1,773,434	2,000,080
Goods in transit	196,795	126,446
	1,970,229	2,126,526
Write-down of inventories	(84,050)	(93,801)
	1,886,179	2,032,725

Notes to the Financial Statements

(Expressed in Renminbi unless otherwise indicated)

21 INVENTORIES (CONTINUED)

(b) The analysis of the amount of inventories recognized as an expense and included in profit or loss is as follows:

	2025 RMB'000	2024 RMB'000
Carrying amount of inventories sold	49,713,393	57,522,552
Provision for write-down of inventories	12,519	38,350
	49,725,912	57,560,902

As at December 31, 2025, inventories of RMB26,741,000 (2024: RMB141,804,000) were pledged as security for issuance of bills payable and bank loans and other borrowings.

All inventories are expected to be recovered within one year.

22 TRADE AND BILLS RECEIVABLES

	2025 RMB'000	2024 RMB'000
Trade receivables	1,856,574	1,875,132
Bills receivable	972,419	1,192,392
	2,828,993	3,067,524
Less: loss allowance	(91,861)	(68,310)
	2,737,132	2,999,214

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

Bills receivable primarily represent short-term bank acceptance notes receivable that entitle the Group to receive the full face amount from the banks at maturity, which generally ranges from 3 to 12 months from the date of issuance. Historically, the Group had experienced no credit losses on bills receivable. The Group from time to time endorses bills receivable to suppliers in order to make prepayments and settle trade and other payables.

Notes to the Financial Statements

(Expressed in Renminbi unless otherwise indicated)

22 TRADE AND BILLS RECEIVABLES (CONTINUED)

As at December 31, 2025, the Group endorsed certain bank acceptance bills to suppliers for settling trade and other payables of the same amount on a full recourse basis. The Group has derecognized these bills receivable and payables to suppliers in their entirety. These derecognized bank acceptance bills had a maturity date of less than twelve months from the end of the reporting period. In the opinion of the directors of the Company, the Group has transferred substantially all the risks and rewards of ownership of these bills and has discharged its obligation of the payables to its suppliers, and the Group has limited exposure in respect of the settlement obligation of these bills receivable under the relevant PRC rules and regulations, should the issuing banks fail to settle the bills on maturity date. The Group considered the issuing banks of these bills are of good credit quality and non-settlement of these bills by the issuing banks on maturity is not probable. As at December 31, 2025, the Group's maximum exposure to loss and undiscounted cash outflow, which is same as the amount payable by the Group to suppliers in respect of the endorsed bills, should the issuing banks fail to settle the bills on maturity date, amounted to RMB414,105,000 (2024: RMB520,094,000).

Certain bills receivable were discounted to financial institutions with recourse, where substantially the risks and rewards of ownership had not been transferred. Since the Group has continuing involvement in the transferred assets, discounted bills receivable of RMB nil (2024: RMB126,051,000) were therefore not derecognized as at December 31, 2025.

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:

	2025 RMB'000	2024 RMB'000
Within 3 months	2,202,912	2,536,298
Over 3 months but within 12 months	324,153	191,498
Over 12 months	210,067	271,418
	2,737,132	2,999,214

Trade receivables are generally due within 90 days from the date of billing. Further details on the Group's credit policy and credit risk arising from trade receivables are set out in Note 37(a).

Notes to the Financial Statements

(Expressed in Renminbi unless otherwise indicated)

23 PREPAYMENTS, DEPOSITS AND OTHER RECEIVABLES

	2025 RMB'000	2024 RMB'000
Prepayments	8,513,275	8,146,179
Value added tax recoverable	139,234	147,077
Refund receivables from suppliers	794,532	586,345
Amounts due from former subsidiaries	693,981	442,848
Interest receivables	71,827	63,482
Loan to a third party	25,000	–
Other deposits and receivables	546,902	309,511
	10,784,751	9,695,442
Less: loss allowance	(766,195)	(639,104)
	10,018,556	9,056,338

The amount of interest receivables expected to be recovered after more than one year is RMB34,255,000 (2024: RMB11,626,000), all of which relates to non-current pledged deposits and time deposits. All of the other prepayments, deposits and other receivables are expected to be recovered or recognized as expense within one year.

As at December 31, 2025, prepayments of RMB3,645,000 (2024: RMB33,361,000) were pledged as security for bank loans and other borrowings.

Notes to the Financial Statements

(Expressed in Renminbi unless otherwise indicated)

23 PREPAYMENTS, DEPOSITS AND OTHER RECEIVABLES (CONTINUED)

Movement in the loss allowance in respect of the Group's prepayments, deposits and other receivables during the reporting period is as follows:

	12-month ECL RMB'000	Lifetime ECL – not credit- impaired RMB'000	Lifetime ECL – credit- impaired RMB'000	Total RMB'000
As at January 1, 2024	396	34,686	468,595	503,677
Impairment losses recognized	466	12,625	300,367	313,458
Transfer to lifetime ECL – not credit-impaired	(396)	396	–	–
Transfer to lifetime ECL – credit-impaired	–	(14,320)	14,320	–
Write-off	–	–	(156,766)	(156,766)
Disposal of interests in subsidiaries	–	(10)	(21,255)	(21,265)
As at December 31, 2024 and January 1, 2025	466	33,377	605,261	639,104
Impairment losses recognized	1,345	21,824	258,510	281,679
Transfer to lifetime ECL – not credit-impaired	(466)	466	–	–
Transfer to lifetime ECL – credit-impaired	–	(17,314)	17,314	–
Write-off	–	–	(68,187)	(68,187)
Disposal of interests in subsidiaries	–	(6,633)	(79,768)	(86,401)
As at December 31, 2025	1,345	31,720	733,130	766,195

24 RESTRICTED DEPOSITS, PLEDGED DEPOSITS AND TIME DEPOSITS

(a) Restricted deposits comprise:

	2025 RMB'000	2024 RMB'000
Restricted deposits related to litigations	17,863	173,523
Other restricted deposits	–	2,587
	17,863	176,110

Notes to the Financial Statements

(Expressed in Renminbi unless otherwise indicated)

24 RESTRICTED DEPOSITS, PLEDGED DEPOSITS AND TIME DEPOSITS (CONTINUED)

(b) Pledged deposits comprise:

	2025 RMB'000	2024 RMB'000
Current portion	5,639,705	4,454,957
Non-current portion	1,650,000	780,000
Pledged deposits for issuance of bill payables, letters of guarantee and bank facilities	7,289,705	5,234,957

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

(c) Time deposits comprise:

	2025 RMB'000	2024 RMB'000
Current portion	100,000	770,000
Non-current portion	200,000	470,000
	300,000	1,240,000

25 CASH AND CASH EQUIVALENTS AND OTHER CASH FLOW INFORMATION

(a) Cash and cash equivalents comprise:

	2025 RMB'000	2024 RMB'000
Cash at bank	2,543,239	2,781,257

Notes to the Financial Statements

(Expressed in Renminbi unless otherwise indicated)

25 CASH AND CASH EQUIVALENTS AND OTHER CASH FLOW INFORMATION (CONTINUED)

(b) Reconciliation of profit before taxation to cash generated from operations

	<i>Note</i>	2025 RMB'000	2024 RMB'000
Profit before taxation		609,712	519,232
Adjustments for:			
Depreciation and amortization	6(c)	61,207	67,034
Impairment loss on investment property	6(c)	11,316	10,893
Provision for credit loss on trade and other receivables	6(c)	384,925	308,982
Write-on of other receivables previously written off	6(c)	(20,638)	(4,261)
Provision for write-down of inventories	6(c)	12,519	38,350
Finance costs	6(a)	190,515	242,160
Finance income	6(a)	(108,813)	(163,951)
Foreign exchange loss/(gain)		245	(128)
Equity settled share-based payment expenses	6(b)	47,014	32,939
Net (gain)/loss on disposal of property, plant and equipment and investment property	5(b)	(297)	2,297
Net realized and unrealized gains on financial assets at fair value through profit or loss	5(b)	(67,942)	(69,629)
Net realized and unrealized (gain)/loss on financial liabilities at fair value through profit or loss	5(b)	(30)	56
Net loss on disposal of interests in subsidiaries	5(b)	15,785	10,635
Share of losses/(gains) of associates	17	165	(196)
Share of losses of a joint venture	18	443	680
Changes in working capital:			
Decrease in inventories		37,749	475,779
Increase in trade and other receivables		(1,612,961)	(735,684)
Decrease/(increase) in restricted deposits		158,247	(173,890)
(Increase)/decrease in pledged deposits for issuance of bills payable and letters of guarantee		(1,654,748)	927,768
Increase/(decrease) in trade and other payables		2,471,544	(1,059,123)
Decrease in contract liabilities		(1,028)	(57,798)
Increase in deferred income		2,250	-
Cash generated from operations		537,179	372,145

Notes to the Financial Statements

(Expressed in Renminbi unless otherwise indicated)

25 CASH AND CASH EQUIVALENTS AND OTHER CASH FLOW INFORMATION (CONTINUED)

(c) Reconciliation of liabilities arising from financing activities

The table below details changes in the Group's liabilities from financing activities, including both cash and non-cash changes. Liabilities arising from financing activities are liabilities for which cash flows were, or future cash flows will be, classified in the Group's consolidated cash flow statements as cash flows from financing activities.

	Bank loans and other borrowings RMB'000 (Note 26)	Loans from non-controlling shareholders of subsidiaries RMB'000 (Note 27)	Lease liabilities RMB'000 (Note 28)	Total RMB'000
At January 1, 2025	1,297,694	15,095	83,580	1,396,369
Changes from financing cash flows:				
Proceeds from new bank loans and other borrowings	3,669,762	-	-	3,669,762
Repayment of bank loans and other borrowings	(4,406,221)	-	-	(4,406,221)
New loans from non-controlling shareholders of subsidiaries	-	8,842	-	8,842
Repayment of loans from non-controlling shareholders of subsidiaries	-	(11,197)	-	(11,197)
Capital element of lease rentals paid	-	-	(26,100)	(26,100)
Interest element of lease rentals paid	-	-	(3,098)	(3,098)
Interest paid	(187,289)	(563)	-	(187,852)
Total changes from financing cash flows	(923,748)	(2,918)	(29,198)	(955,864)
Other changes:				
Increase in lease liabilities from entering into new leases during the year	-	-	44,118	44,118
Business combination of Boundary Group (Note 39)	-	-	4,424	4,424
Interest expenses (Note 6(a))	187,019	398	3,098	190,515
Disposal of interests in subsidiaries (Note 25(e))	(2,954)	-	(2,458)	(5,412)
Decrease in lease liabilities from ceasing leases during the year	-	-	(8,225)	(8,225)
Total other changes	184,065	398	40,957	225,420
At December 31, 2025	558,011	12,575	95,339	665,925

Notes to the Financial Statements

(Expressed in Renminbi unless otherwise indicated)

25 CASH AND CASH EQUIVALENTS AND OTHER CASH FLOW INFORMATION (CONTINUED)

(c) Reconciliation of liabilities arising from financing activities (Continued)

	Bank loans and other borrowings RMB'000 (Note 26)	Loans from non-controlling shareholders of subsidiaries RMB'000 (Note 27)	Lease liabilities RMB'000 (Note 28)	Total RMB'000
At January 1, 2024	610,205	16,553	75,038	701,796
Changes from financing cash flows:				
Proceeds from new bank loans and other borrowings	4,561,702	–	–	4,561,702
Repayment of bank loans and other borrowings	(3,875,085)	–	–	(3,875,085)
New loans from non-controlling shareholders of subsidiaries	–	23,543	–	23,543
Repayment of loans from non-controlling shareholders of subsidiaries	–	(24,628)	–	(24,628)
Capital element of lease rentals paid	–	–	(35,089)	(35,089)
Interest element of lease rentals paid	–	–	(2,967)	(2,967)
Interest paid	(237,868)	(826)	–	(238,694)
Total changes from financing cash flows	448,749	(1,911)	(38,056)	408,782
Other changes:				
Increase in lease liabilities from entering into new leases during the year	–	–	59,959	59,959
Interest expenses (Note 6(a))	238,740	453	2,967	242,160
Disposal of interests in subsidiaries (Note 25(e))	–	–	(13,767)	(13,767)
Decrease in lease liabilities from ceasing leases during the year	–	–	(2,561)	(2,561)
Total other changes	238,740	453	46,598	285,791
At December 31, 2024	1,297,694	15,095	83,580	1,396,369

Notes to the Financial Statements

(Expressed in Renminbi unless otherwise indicated)

25 CASH AND CASH EQUIVALENTS AND OTHER CASH FLOW INFORMATION (CONTINUED)

(d) Total cash outflow for leases

Amounts included in the consolidated cash flow statement for leases comprise the following:

	2025 RMB'000	2024 RMB'000
Within operating cash flows	43,181	43,025
Within financing cash flows	29,198	38,056
	72,379	81,081

These amounts relate to the following:

	2025 RMB'000	2024 RMB'000
Lease rentals paid	72,379	81,081

(e) Net cash flow arising from disposal of interests in subsidiaries

During the years ended December 31, 2025 and 2024, the Group disposed its interests in certain subsidiaries, which were principally engaged in the merchandise sales in commerce business in the PRC. None of these disposed subsidiaries are individually material to the Group.

Notes to the Financial Statements

(Expressed in Renminbi unless otherwise indicated)

25 CASH AND CASH EQUIVALENTS AND OTHER CASH FLOW INFORMATION (CONTINUED)

(e) Net cash flow arising from disposal of interests in subsidiaries (Continued)

Aggregate of assets and liabilities at the date of disposal of the subsidiaries over which control was lost:

	2025 RMB'000	2024 RMB'000
Property, plant and equipment (Note 11)	402	146
Right-of-use assets (Note 12)	1,830	15,335
Deferred tax assets (Note 33(b))	16,262	3,045
Inventories	96,278	34,209
Cash and cash equivalents	13,620	38,022
Trade and bills receivables	109,179	92,855
Prepayments, deposits and other receivables	625,475	263,073
Taxation recoverable (Note 33(a))	347	208
Bank loans and other borrowings	(2,954)	–
Trade and bills payables	(57,444)	(27,009)
Other payables and accruals	(467,381)	(133,129)
Contract liabilities (Note 32)	(73,129)	(112,553)
Lease liabilities (Note 25(c))	(2,458)	(13,767)
Taxation payable (Note 33(a))	(2,459)	–
Deferred tax liabilities (Note 33(b))	(267)	(566)
Net assets disposed	257,301	159,869

Net loss on disposal of interests in subsidiaries:

	2025 RMB'000	2024 RMB'000
Consideration	560,334	199,048
Net assets disposed of	(257,301)	(159,869)
Non-controlling interests disposed of	98,467	57,015
Gross amounts due from former subsidiaries disposed during the year	(417,285)	(106,829)
Net loss on disposal of interests in subsidiaries (Note 5(b))	(15,785)	(10,635)

Notes to the Financial Statements

(Expressed in Renminbi unless otherwise indicated)

25 CASH AND CASH EQUIVALENTS AND OTHER CASH FLOW INFORMATION (CONTINUED)

(e) Net cash flow arising from disposal of interests in subsidiaries (Continued)

Analysis of net cash in respect of the disposal of interests in subsidiaries is as follows:

	2025 RMB'000	2024 RMB'000
Consideration	560,334	199,048
Less: cash and cash equivalents disposed of	(13,620)	(38,022)
Increase in consideration receivables	(139,526)	(60,727)
Effect of net amounts due from former subsidiaries disposed during the year	(357,443)	(95,748)
Fair value of identifiable net assets acquired under debt restructuring arrangements	(18,447)	–
Net proceeds received for disposal of interests in subsidiaries	31,298	4,551

26 BANK LOANS AND OTHER BORROWINGS

The maturity profile for the interest-bearing bank loans of the Group at the end of the reporting period is as follows:

	2025 RMB'000	2024 RMB'000
Short-term bank loans and other borrowings	240,011	1,056,094
Current portion of long-term bank loans	61,900	60,400
Within 1 year or on demand	301,911	1,116,494
After 1 year but within 2 years	66,400	60,400
After 2 years but within 5 years	97,900	120,800
More than 5 years	91,800	–
	256,100	181,200
	558,011	1,297,694

Notes to the Financial Statements

(Expressed in Renminbi unless otherwise indicated)

26 BANK LOANS AND OTHER BORROWINGS (CONTINUED)

At the end of each reporting period, the bank loans and other borrowings were secured as follows:

	2025 RMB'000	2024 RMB'000
Bank loans and other borrowings		
– secured	43,745	561,324
– unsecured	514,266	736,370
	558,011	1,297,694

Note:

The bank loans and other borrowings were secured by certain assets of the Group. An analysis of the carrying value of these assets is as follows:

	2025 RMB'000	2024 RMB'000
Inventories (Note 21(b))	–	100,000
Bills receivable (Note 22)	–	126,051
Prepayments (Note 23)	3,645	33,361
Pledged deposits (Note 24(b))	430,000	380,000

27 LOANS FROM NON-CONTROLLING SHAREHOLDERS OF SUBSIDIARIES

	2025 RMB'000	2024 RMB'000
Loans from non-controlling shareholders of subsidiaries	12,575	15,095

At December 31, 2025 and 2024, loans from non-controlling shareholders of subsidiaries were subject to an interest rate, ranging from 4.35% to 5.30% per annum, were unsecured and expected to be settled within one year or repayable on demand.

Notes to the Financial Statements

(Expressed in Renminbi unless otherwise indicated)

28 LEASE LIABILITIES

At the end of the reporting period, the lease liabilities were repayable as follows:

	2025 RMB'000	2024 RMB'000
Within 1 year	45,278	32,148
After 1 year but within 2 years	22,210	21,029
After 2 years but within 5 years	26,387	29,370
After 5 years	1,464	1,033
	50,061	51,432
	95,339	83,580

29 FINANCIAL LIABILITIES AT FAIR VALUE THROUGH PROFIT OR LOSS

	2025 RMB'000	2024 RMB'000
Future contracts	-	30

The analysis on the fair value measurement of the above financial liabilities is disclosed in Note 37(e).

30 TRADE AND BILLS PAYABLES

	2025 RMB'000	2024 RMB'000
Trade payables	1,200,347	1,070,684
Bills payable	15,398,211	13,566,101
	16,598,558	14,636,785

Notes to the Financial Statements

(Expressed in Renminbi unless otherwise indicated)

30 TRADE AND BILLS PAYABLES (CONTINUED)

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:

	2025 RMB'000	2024 RMB'000
Within 3 months	1,173,527	7,628,373
3 to 12 months	15,253,823	6,889,883
Over 12 months	171,208	118,529
	16,598,558	14,636,785

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

At December 31, 2024, certain bank facilities granted to the Group for issuance of bills payable were guaranteed by Mr. Wang Jianguo as the single largest shareholder of the Group, Mr. Xu Xiuxian as the executive director of the Company and Five Star Holdings Group Co., Ltd. There are no guarantees issued by related parties for bills payable at December 31, 2025.

	2025 RMB'000	2024 RMB'000
Bills payable with guarantees issued by related parties	-	2,873,870



Notes to the Financial Statements

(Expressed in Renminbi unless otherwise indicated)

31 OTHER PAYABLES AND ACCRUALS

	2025 RMB'000	2024 RMB'000
Other payables – non-current portion		
Consideration payable for business combination (Note 39)	61,144	–
Other payables and accruals – current portion		
Accrued expenses	162,187	151,462
Payable for staff related costs	92,029	75,243
Other taxes payable	92,832	71,248
Deposits received	77,993	100,709
Logistics cost payables	35,283	26,413
Amounts due to former subsidiaries	7,892	10,018
Dividends payable to shareholders of subsidiaries	13,434	13,781
Payable for acquisition of non-controlling interests	43,610	45,082
Consideration payable for business combination (Note 39)	159,283	–
Redemption obligation on equity settled share-based transaction	4,170	6,254
Amounts due to related parties	5,250	5,250
Others	13,943	10,476
	769,050	515,936

Accrued expenses primarily comprise marketing and promotion expenses, service costs and other expenses.

All current balances of the other payables and accruals are expected to be settled within one year or repayable on demand.

Notes to the Financial Statements

(Expressed in Renminbi unless otherwise indicated)

32 CONTRACT LIABILITIES

	2025 RMB'000	2024 RMB'000
Balance at the beginning of the year	2,256,326	2,426,677
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	(1,975,442)	(2,149,522)
Increase in contract liabilities as a result of receiving advance payments during the year	1,974,415	2,091,724
Business combination of Boundary Group (Note 39)	182,271	–
Others business combinations	6,677	–
Decrease in contract liabilities as a result of disposal of interests in subsidiaries (Note 25(e))	(73,129)	(112,553)
Balance at the end of the year	2,371,118	2,256,326

33 INCOME TAX IN THE CONSOLIDATED STATEMENT OF FINANCIAL POSITION

(a) Current taxation in the consolidated statement of financial position represents:

	2025 RMB'000	2024 RMB'000
At the beginning of the year	51,973	36,957
Provision for PRC Corporate Income Tax for the year	106,343	111,675
Tax paid	(118,208)	(96,867)
Business combination of Boundary Group (Note 39)	(11,563)	–
Disposal of interests in subsidiaries (Note 25(e))	(2,112)	208
At the end of the year	26,433	51,973
Represented by:		
Taxation recoverable	(17,709)	(6,221)
Taxation payable	44,142	58,194
	26,433	51,973

Notes to the Financial Statements

(Expressed in Renminbi unless otherwise indicated)

33 INCOME TAX IN THE CONSOLIDATED STATEMENT OF FINANCIAL POSITION (CONTINUED)

(b) Deferred tax assets and liabilities recognized:

(i) *The components of deferred tax assets recognized in the consolidated statement of financial position and the movements during the year are as follows:*

	Expected credit loss allowance RMB'000	Inventory provision RMB'000	Deductible tax losses RMB'000	Deferred income RMB'000	Lease liabilities RMB'000	Other temporary differences RMB'000	Total RMB'000
At January 1, 2024	89,167	5,318	17,873	2,550	18,580	16,500	149,988
Recognized in profit or loss	35,752	4,468	(728)	-	(7,621)	(1,192)	30,679
Disposal of interests in subsidiaries (Note 25(e))	(1,890)	(270)	(331)	-	(554)	-	(3,045)
At December 31, 2024 and January 1, 2025	123,029	9,516	16,814	2,550	10,405	15,308	177,622
Recognized in profit or loss	20,996	(666)	(1,090)	562	1,295	1,935	23,032
Disposal of interests in subsidiaries (Note 25(e))	(12,734)	(1,680)	(1,539)	-	(198)	(111)	(16,262)
Business combination of Boundary Group (Note 39)	17	-	-	-	-	397	414
At December 31, 2025	131,308	7,170	14,185	3,112	11,502	17,529	184,806

Notes to the Financial Statements

(Expressed in Renminbi unless otherwise indicated)

33 INCOME TAX IN THE CONSOLIDATED STATEMENT OF FINANCIAL POSITION (CONTINUED)

(b) Deferred tax assets and liabilities recognized: (Continued)

(ii) The components of deferred tax liabilities recognized in the consolidated statement of financial position and the movements during the year are as follows:

	Fair value change of financial assets RMB'000	Depreciation charge of right-of- use assets RMB'000	Interests receivable RMB'000	Fair value adjustment arising from business combination RMB'000	Total RMB'000
At January 1, 2024	14,196	19,573	17,632	-	51,401
Recognized in profit or loss	(5,731)	(8,555)	(9,247)	-	(23,533)
Disposal of interests in subsidiaries (Note 25(e))	-	(566)	-	-	(566)
At December 31, 2024 and January 1, 2025	8,465	10,452	8,385	-	27,302
Recognized in profit or loss	(4,184)	647	655	(75)	(2,957)
Disposal of interests in subsidiaries (Note 25(e))	-	(267)	-	-	(267)
Business combination of Boundary Group (Note 39)	-	-	-	16,036	16,036
Others business combinations	-	-	-	561	561
At December 31, 2025	4,281	10,832	9,040	16,522	40,675

(iii) Reconciliation to the consolidated statement of financial position:

	2025 RMB'000	2024 RMB'000
Net deferred tax assets recognized in the consolidated statement of financial position	160,653	150,320
Net deferred tax liabilities recognized in the consolidated statement of financial position	(16,522)	-
	144,131	150,320

Notes to the Financial Statements

(Expressed in Renminbi unless otherwise indicated)

33 INCOME TAX IN THE CONSOLIDATED STATEMENT OF FINANCIAL POSITION (CONTINUED)

(c) Deferred tax assets not recognized

In accordance with the accounting policy set out in Note 2(u), the Group did not recognize deferred tax assets of RMB73,866,000 (2024: RMB67,625,000) in respect of cumulative tax losses RMB429,848,000 (2024: RMB380,957,000) as at December 31, 2025. The Group did not recognize deferred tax assets of RMB50,486,000 (2024: RMB32,499,000) in respect of cumulative time differences RMB255,344,000 (2024: RMB195,284,000) as at December 31, 2025. It was not probable that future taxable profits against which the losses and time differences can be utilized will be available in the relevant tax jurisdiction and entities.

34 DEFERRED INCOME

As at December 31, 2025, deferred income of the Group represented unamortized conditional government grants amounting to RMB19,250,000 (2024: RMB17,000,000), mainly for stimulating the development of strategic emerging industries.

Deferred income is recognized as income upon the satisfaction of certain acceptance standards of the Group's business project.

35 EQUITY SETTLED SHARE-BASED TRANSACTION

The Restricted Share Unit ("RSU") Scheme (the "RSU Scheme")

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

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

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

On December 26, 2025, pursuant to the approval of the Company's remuneration and appraisal committee, 80,000 RSUs, representing 80,000 underlying H shares, were granted to and accepted by the Participants under the RSU Scheme in aggregate.

Notes to the Financial Statements

(Expressed in Renminbi unless otherwise indicated)

35 EQUITY SETTLED SHARE-BASED TRANSACTION (CONTINUED)

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

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

Restricted shares granted to directors, supervisors and employees:	Number of RSUs	Vesting condition	Consideration per RSU RMB
– on April 6, 2023	4,372,000	Graded vest of 10% of 4,372,000 RSUs in November 2024, 20% of 4,372,000 RSUs in November 2025, 2026 and 2027, respectively, 30% of 4,372,000 RSUs in November 2028 and subject to performance conditions	Nil
– on April 6, 2023	383,400	Cliff vest of 383,400 RSUs in April 2026 and subject to performance conditions	Nil
– on December 27, 2023	4,157,000	Cliff vest of 4,157,000 RSUs in April 2027 and subject to performance conditions	Nil
– on May 31, 2024	413,000	Cliff vest of 413,000 RSUs in April 2027 and subject to performance conditions	Nil
– on December 26, 2025	80,000	Cliff vest of one-third of 80,000 RSUs in January 2026, 2027 and 2028, respectively, and subject to performance conditions	Nil

Notes to the Financial Statements

(Expressed in Renminbi unless otherwise indicated)

35 EQUITY SETTLED SHARE-BASED TRANSACTION (CONTINUED)

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

(b) A summary of RSUs outstanding for the year ended December 31, 2025:

	2025		2024	
	Weighted average grant-date fair value RMB	Number of RSUs	Weighted average grant-date fair value RMB	Number of RSUs
Balance at the beginning of the year	26.21	5,601,400	26.25	8,570,520
Grant during the year	9.42	80,000	25.64	413,000
Vesting during the year	26.40	–	26.40	(249,790)
Forfeited during the year	26.33	(1,076,900)	26.23	(3,132,330)
Balance at the end of the year	25.89	4,604,500	26.21	5,601,400

(c) Fair value of restricted shares granted

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

During the year ended December 31, 2025, the total expenses recognized in the consolidated statement of profit or loss for the above transactions are RMB19,389,000 (2024: RMB31,252,000).

Employee Share Purchase Plan (the “ESPP”)

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

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

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

Notes to the Financial Statements

(Expressed in Renminbi unless otherwise indicated)

35 EQUITY SETTLED SHARE-BASED TRANSACTION (CONTINUED)

Employee Share Purchase Plan (the “ESPP”) (Continued)

For the year ended December 31, 2025, the total expenses recognized in the consolidated statement of profit or loss for the above transactions are RMB983,000 (2024: RMB1,687,000).

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. The exercise price is HK\$19.30, being the closing price of the Company’s H Shares on date of grant.

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

	Number of instruments	Vesting conditions	Contractual life of options
Options granted to employees and service providers:			
– on May 21, 2025	18,000,000	Graded vest of 7,200,000 options on June 1, 2026, 5,400,000 options on June 1, 2027 and 5,400,000 options on June 1, 2028, respectively and subject to performance conditions	1.61-3.61 years

(b) *The number and weighted average exercise prices of share options are as follows:*

	At December 31, 2025	
	Weighted average exercise price HK\$	Number of options
Outstanding at the beginning of the year	–	–
Grant during the year	19.30	18,000,000
Outstanding at the end of the year	19.30	18,000,000
Exercisable at the end of the year	–	–

Notes to the Financial Statements

(Expressed in Renminbi unless otherwise indicated)

35 EQUITY SETTLED SHARE-BASED TRANSACTION (CONTINUED)

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

(b) *The number and weighted average exercise prices of share options are as follows: (Continued)*

No options were exercised during the year ended December 31, 2025. The options outstanding as at December 31, 2025 had an exercise price of HK\$19.30 and a weighted average remaining contractual life of 1.90 years.

(c) *Fair value of share options and assumptions*

The fair value of services received in return for share options granted is measured by reference to the fair value of share options granted. The estimate of the fair value of the share options granted is measured based on a binomial lattice model. The contractual life of the share option is used as an input into this model. Expectations of early exercise are incorporated into the binomial lattice model.

	At date of grant
Fair value at measurement date	HK\$3.91-HK\$5.61 per share option
Share price	HK\$19.30 per share
Exercise price	HK\$19.30 per share
Expected volatility (expressed as weighted average volatility used in the modelling under binomial lattice model)	35.23%-38.31%
Option life (expressed as weighted average life used in the modelling under binomial lattice model)	1.61-3.61 years
Expected dividends	-
Risk-free interest rate	1.87%-2.10%

The expected volatility is based on the historic volatility (calculated based on the weighted average remaining life of the share options), adjusted for any expected changes to future volatility based on publicly available information. Expected dividends are based on historical dividends. Changes in the subjective input assumptions could materially affect the fair value estimate.

Share options were granted under a service condition. This condition has not been taken into account in the grant date fair value measurement of the services received. There were no market conditions associated with the share option grants.

During the year ended December 31, 2025, the total expenses recognized in the consolidated statement of profit or loss for the Share Option Scheme are RMB26,642,000.

Notes to the Financial Statements

(Expressed in Renminbi unless otherwise indicated)

36 CAPITAL, RESERVES AND DIVIDENDS

(a) Movement in components of equity

The reconciliation between the opening and closing balances of each component of the Group's consolidated equity is set out in the consolidated statement of changes in equity. Details of the changes in the Company's individual components of equity between the beginning and the end of the year are set out below:

The Company	Note	Share capital RMB'000	Treasury shares RMB'000	Capital reserve RMB'000	Reserves		Total RMB'000
					PRC statutory reserve RMB'000	(Accumulated losses)/retained profits RMB'000	
Balance at January 1, 2024		562,570	(92,903)	9,243,112	-	(2,144,540)	7,568,239
Changes in equity for 2024:							
Profit for the year		-	-	-	-	79,084	79,084
Purchase of own shares		-	(138,745)	-	-	-	(138,745)
Business combination under common control		-	-	31,252	-	-	31,252
Equity settled share-based transactions		-	6,725	(6,725)	-	-	-
Balance at December 31, 2024 and January 1, 2025		562,570	(224,923)	9,267,639	-	(2,065,456)	7,539,830
Changes in equity for 2025:							
Profit for the year		-	-	-	-	63,907	63,907
Purchase of own shares	36(d)	-	(12,944)	-	-	-	(12,944)
Equity settled share-based transactions		-	-	46,066	-	-	46,066
Profit appropriations to PRC statutory reserve		-	-	-	6,391	(6,391)	-
Offsetting losses with capital reserve	36(e)	-	-	(2,065,456)	-	2,065,456	-
Balance at December 31, 2025	39	562,570	(237,867)	7,248,249	6,391	57,516	7,636,859

(b) Dividends

The directors of the Company did not propose the payment of any dividend during the years ended December 31, 2025 and 2024.

Notes to the Financial Statements

(Expressed in Renminbi unless otherwise indicated)

36 CAPITAL, RESERVES AND DIVIDENDS (CONTINUED)

(c) Share capital

	Number of shares	RMB'000
Ordinary shares, issued and fully paid:		
At December 31, 2024, January 1, 2025 and December 31, 2025	562,569,837	562,570

(d) Treasury shares

During the year, the Company repurchased its own shares directly or through trusts, on The Stock Exchange of Hong Kong Limited 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	15.52	480,916
November 2025	200,100	10.32	9.88	2,020,420
December 2025	1,145,600	10.81	9.70	11,721,526
Total				14,222,862
Equivalent to RMB				12,944,000

The total amount paid on the repurchased shares of HK\$14,222,862 (equivalent to RMB12,944,000) was recognized as treasury shares.

(e) Capital reserve

The capital reserve represents: (i) the difference between consideration received for ordinary shares subscription net of any transaction costs directly attributable to the subscription and the par value of the ordinary shares subscribed; (ii) the amount arises from the purchasing or disposing the interests in subsidiaries from or to non-controlling shareholders while the Group retains the control of subsidiaries; (iii) the amount arises from the reclassification of redeemable capital contributions as equity; (iv) the difference between the carrying value of the net assets acquired and the consideration paid for the acquisition of subsidiaries under common control; and (v) the portion of the grant date fair value of unvested equity instruments granted that has been recognized in accordance with the accounting policy set out in Note 2(t)(ii).

Notes to the Financial Statements

(Expressed in Renminbi unless otherwise indicated)

36 CAPITAL, RESERVES AND DIVIDENDS (CONTINUED)

(e) Capital reserve (Continued)

During the reporting period, the Group acquired additional equity interests in certain subsidiaries, which were principally engaged in the merchandise sales in commerce business in the PRC, from the respective non-controlling interests and further increased its ownership in these subsidiaries while the Group retains the control. The acquisition of non-controlling interests resulted in a decrease in capital reserve of RMB130,887,000 (2024: RMB151,769,000) for the year ended December 31, 2025, being the difference between the cash consideration paid to non-controlling interests and the carrying amount of non-controlling interests acquired on the date of the acquisition.

On December 19, 2025, pursuant to the results of the Company's extraordinary general meeting and the approval of the board of directors of the Company, the Company's capital reserve amounting to RMB2,065,456,000 was used to offset the accumulated losses of the Company in accordance with relevant laws and regulations.

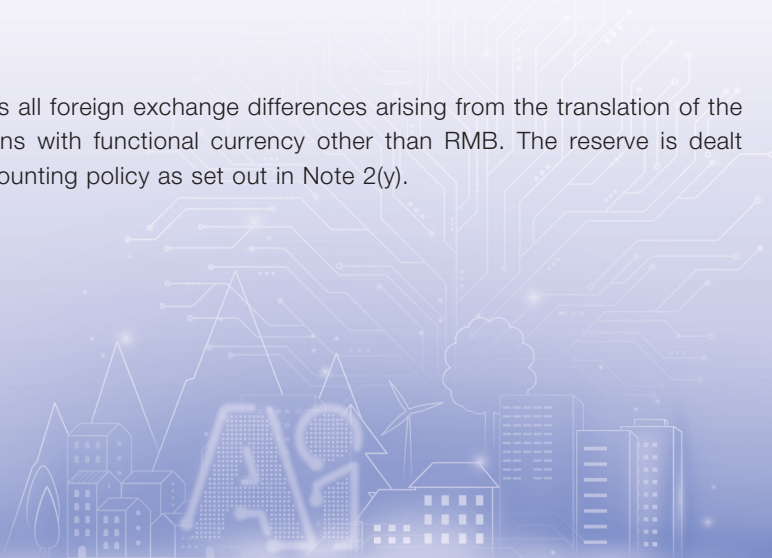
(f) PRC statutory reserve

Statutory reserve is established in accordance with the relevant PRC rules and regulations and the articles of association of the companies comprising the Group which are incorporated in the PRC.

In accordance with the PRC Company Law, the Company and its PRC subsidiaries are required to allocate 10% of their profit after tax, as determined in accordance with the relevant PRC accounting standards, to their respective statutory reserves until the reserves reach 50% of their respective registered capital. The statutory reserves can be used to make good previous years' losses, if any, and may be converted into capital in proportion to the existing equity interests of investors, provided that the balance of the reserve after such conversion is not less than 25% of the entity's registered capital.

(g) Exchange reserve

The exchange reserve comprises all foreign exchange differences arising from the translation of the financial statements of operations with functional currency other than RMB. The reserve is dealt with in accordance with the accounting policy as set out in Note 2(y).



Notes to the Financial Statements

(Expressed in Renminbi unless otherwise indicated)

36 CAPITAL, RESERVES AND DIVIDENDS (CONTINUED)

(h) Capital management

The Group's primary objectives when managing capital are to safeguard the Group's ability to continue as a going concern, so that it can continue to provide returns for shareholders and benefits for other stakeholders, by pricing products and services commensurately with the level of risk and by securing access to finance at a reasonable cost.

The Group actively and regularly reviews and manages its capital structure to maintain a balance between the higher shareholder returns that might be possible with higher levels of borrowings and the advantages and security afforded by a sound capital position, and makes adjustments to the capital structure in light of changes in economic conditions.

The Group monitors its capital structure on the basis of an adjusted net debt-to-capital ratio. For this purpose, adjusted net debt is defined as total debt (which includes interest-bearing loans and borrowings, and lease liabilities) less cash and cash equivalents and time deposits.

The Group's adjusted net debt-to-capital ratio as at December 31, 2025 and 2024 were as follows:

	<i>Note</i>	2025 RMB'000	2024 RMB'000
Current liabilities:			
Bank loans and other borrowings	26	301,911	1,116,494
Loans from non-controlling shareholders of subsidiaries	27	12,575	15,095
Lease liabilities	28	45,278	32,148
		359,764	1,163,737
Non-current liabilities:			
Bank loans and other borrowings	26	256,100	181,200
Lease liabilities	28	50,061	51,432
Total debt		665,925	1,396,369
Less: Cash and cash equivalents	25(a)	(2,543,239)	(2,781,257)
Time deposits	24(c)	(300,000)	(1,240,000)
Adjusted net debt		(2,177,314)	(2,624,888)
Total equity		10,021,785	9,610,500
Adjusted net debt-to-capital ratio		N/A	N/A

Notes to the Financial Statements

(Expressed in Renminbi unless otherwise indicated)

37 FINANCIAL RISK MANAGEMENT AND FAIR VALUES OF FINANCIAL INSTRUMENTS

Exposure to credit, liquidity, interest rate and currency risks arises in the normal course of the Group's business.

The Group's exposure to these risks and the financial risk management policies and practices used by the Group to manage these risks are described below.

(a) Credit risk

Credit risk refers to the risk that a counterparty will default on its contractual obligations resulting in a financial loss to the Group. The Group's credit risk is primarily attributable to trade receivables and other receivables. The Group's exposure to credit risk arising from cash and cash equivalents, pledged deposits, time deposits and bills receivable is limited because the counterparties are banks and financial institutions with high credit standing, for which the Group considers to have low credit risk.

The Group does not provide any guarantees which would expose the Group to credit risk.

Credit risk arising from trade receivables

The Group has established a credit risk management policy under which individual credit evaluations are performed on all customers requiring credit over a certain amount. These evaluations focus on the customer's past history of making payments when due and current ability to pay and take into account information specific to the customer as well as pertaining to the economic environment in which the customer operates. Trade receivables are generally due within 90 days from the date of billing. Normally, the Group does not obtain collateral from customers.

The Group has no significant concentration of credit risk in industries or countries in which the customers operate. Significant concentrations of credit risk primarily arise when the Group has significant exposure to individual customers. As at December 31, 2025, 0.79% (2024: 0.56%) and 0.79% (2024: 0.56%) of the total trade receivables was due from the Group's largest customer and the five largest customers respectively.

The Group measures loss allowances for trade receivables at an amount equal to lifetime ECLs, which is calculated using a provision matrix. As the Group's historical credit loss experience does not indicate significantly different loss patterns for different customer segments, the loss allowance based on past due status is not further distinguished between the Group's different customer bases.



Notes to the Financial Statements

(Expressed in Renminbi unless otherwise indicated)

37 FINANCIAL RISK MANAGEMENT AND FAIR VALUES OF FINANCIAL INSTRUMENTS (CONTINUED)

(a) Credit risk (Continued)

Credit risk arising from trade receivables (Continued)

The following table provides information about the Group's exposure to credit risk and ECLs for trade receivables:

	2025		
	Expected loss rate %	Gross carrying amount RMB'000	Loss allowance RMB'000
Current (not past due)	1.1%	1,320,925	14,821
Less than 3 months past due	1.9%	183,074	3,505
More than 3 months but less than 12 months past due	6.5%	225,862	14,717
More than 12 months but less than 24 months past due	34.0%	77,224	26,258
More than 24 months but less than 36 months past due	54.0%	36,766	19,837
More than 36 months past due	100.0%	12,723	12,723
		1,856,574	91,861
	2024		
	Expected loss rate %	Gross carrying amount RMB'000	Loss allowance RMB'000
Current (not past due)	0.4%	1,348,697	4,972
Less than 3 months past due	4.3%	200,003	8,505
More than 3 months but less than 12 months past due	7.2%	205,605	14,717
More than 12 months but less than 24 months past due	19.7%	80,420	15,816
More than 24 months but less than 36 months past due	39.6%	26,655	10,548
More than 36 months past due	100.0%	13,752	13,752
		1,875,132	68,310

Notes to the Financial Statements

(Expressed in Renminbi unless otherwise indicated)

37 FINANCIAL RISK MANAGEMENT AND FAIR VALUES OF FINANCIAL INSTRUMENTS (CONTINUED)

(a) Credit risk (Continued)

Credit risk arising from trade receivables (Continued)

Expected loss rates are based on actual loss experience over the past years. These rates are adjusted to reflect differences between economic conditions during the year over which the historic data has been collected, current conditions and the Group's view of economic conditions over the expected lives of the receivables.

Movement in the loss allowance account in respect of trade receivables during the year is as follows:

	2025 RMB'000	2024 RMB'000
Balance at the beginning of the year	68,310	94,955
Impairment loss recognized/(reversed)	103,246	(4,476)
Amounts written off during the year	(16,512)	(10,687)
Disposal of interests in subsidiaries	(63,183)	(11,482)
Balance at the end of the year	91,861	68,310

Credit risk arising from other receivables

For other receivables, the Group has assessed whether there has been a significant increase in credit risk since initial recognition. If there has been a significant increase in credit risk, the Group will measure the loss allowance based on lifetime rather than 12-month ECL.

In order to minimize credit risk, the Group has tasked its operation management to develop and maintain the Group's credit risk grading to categorize exposures according to their degree of risk of default. The credit rating information is drawn from the Group's own trading records to rate its major customers and other debtors. The Group's exposure and the credit ratings of its counterparties are continuously monitored. Details of the ECLs in respect of the Group's other receivables during the year is disclosed in Note 23.

Notes to the Financial Statements

(Expressed in Renminbi unless otherwise indicated)

37 FINANCIAL RISK MANAGEMENT AND FAIR VALUES OF FINANCIAL INSTRUMENTS (CONTINUED)

(b) Liquidity risk

Individual operating entities within the Group are responsible for their own cash management, including the short term investment of cash surpluses and the raising of loans to cover expected cash demands, subject to approval by the parent company's board when the borrowings exceed certain predetermined levels of authority. The Group's policy is to regularly monitor its liquidity requirements and its compliance with lending covenants, to ensure that it maintains sufficient reserves of cash and readily realizable marketable securities and adequate committed lines of funding from major financial institutions to meet its liquidity requirements in the short and longer term.

The following tables show the remaining contractual maturities at the end of the reporting period of the Group's non-derivative financial liabilities and derivative financial liabilities, which are based on contractual undiscounted cash flows (including interest payments computed using contractual rates or, if floating, based on rates current at the reporting date) and the earliest date the Group can be required to pay:

	2025					Carrying amount at December 31, 2025 RMB'000
	Contractual undiscounted cash outflow					
	Within 1 year or on demand RMB'000	More than 1 year but less than 2 years RMB'000	More than 2 years but less than 5 years RMB'000	More than 5 years RMB'000	Total RMB'000	
Bank loans and other borrowings	314,060	73,124	108,357	98,463	594,004	558,011
Lease liabilities	50,668	23,651	27,411	1,499	103,229	95,339
Loans from non-controlling shareholders of subsidiaries	12,657	-	-	-	12,657	12,575
Trade and bills payables	16,598,558	-	-	-	16,598,558	16,598,558
Other payables and accruals	708,223	22,800	45,600	-	776,623	769,050
	17,684,166	119,575	181,368	99,962	18,085,071	18,033,533

Notes to the Financial Statements

(Expressed in Renminbi unless otherwise indicated)

37 FINANCIAL RISK MANAGEMENT AND FAIR VALUES OF FINANCIAL INSTRUMENTS (CONTINUED)

(b) Liquidity risk (Continued)

	2024					Carrying amount at December 31, 2024 RMB'000
	Contractual undiscounted cash outflow					
	Within 1 year or on demand RMB'000	More than 1 year but less than 2 years RMB'000	More than 2 years but less than 5 years RMB'000	More than 5 years RMB'000	Total RMB'000	
Bank loans and other borrowings	1,162,017	65,610	124,608	–	1,352,235	1,297,694
Lease liabilities	34,922	22,850	30,331	1,067	89,170	83,580
Loans from non-controlling shareholders of subsidiaries	15,141	–	–	–	15,141	15,095
Trade and bills payables	14,636,785	–	–	–	14,636,785	14,636,785
Other payables and accruals	515,936	–	–	–	515,936	515,936
	16,364,801	88,460	154,939	1,067	16,609,267	16,549,090

(c) Interest rate risk

The Group's interest-bearing financial instruments at variable rates as at December 31, 2025 are the cash at bank except for fixed deposits, and the cash flow interest risk arising from the change of market interest rate on these balances of relatively short maturity is not considered significant. The Group's interest-bearing financial instruments at fixed interest rates as at December 31, 2025 and 2024 are fixed deposits, bank loans and other borrowing, loans from non-controlling shareholders of subsidiaries and lease liabilities that are measured at amortized cost, and the change of market interest rate does not expose the Group to fair value interest risk. Overall speaking, the Group's exposure to interest rate risk is not significant.



Notes to the Financial Statements

(Expressed in Renminbi unless otherwise indicated)

37 FINANCIAL RISK MANAGEMENT AND FAIR VALUES OF FINANCIAL INSTRUMENTS (CONTINUED)

(d) Currency risk

As the Group's principal activities are carried out in the PRC, the Group's transactions are mainly denominated in RMB, which is not freely convertible into foreign currencies. All foreign exchange transactions involving Renminbi must take place through the People's Bank of China or other institutions authorised to buy and sell foreign exchange. The exchange rates adopted for the foreign exchange transactions are the rates of exchange quoted by the People's Bank of China that are determined largely by supply and demand.

The Group's exposure to foreign currency risk is not significant during the years ended December 31, 2025 and 2024.

(e) Fair value measurement

(i) *Financial assets and liabilities measured at fair value*

Fair value hierarchy

The following table presents the fair value of the Group's financial instruments measured at the end of the reporting period on a recurring basis, categorized into the three-level fair value hierarchy as defined in IFRS 13, *Fair value measurement*. The level into which a fair value measurement is classified is determined with reference to the observability and significance of the inputs used in the valuation technique as follows:

- Level 1 valuations: Fair value measured using only Level 1 inputs i.e. unadjusted quoted prices in active markets for identical assets or liabilities at the measurement date;
- Level 2 valuations: Fair value measured using Level 2 inputs i.e. observable inputs which fail to meet Level 1, and not using significant unobservable inputs. Unobservable inputs are inputs for which market data are not available;
- Level 3 valuations: Fair value measured using significant unobservable inputs.

Notes to the Financial Statements

(Expressed in Renminbi unless otherwise indicated)

37 FINANCIAL RISK MANAGEMENT AND FAIR VALUES OF FINANCIAL INSTRUMENTS (CONTINUED)

(e) Fair value measurement (Continued)

(i) Financial assets and liabilities measured at fair value (Continued)

Fair value hierarchy (Continued)

Analysis on fair value measurement of financial instruments as at December 31, 2025 and 2024 are as follows:

	Fair value at	Fair value measurement at		
	December 31, 2025 RMB'000	Level 1	Level 2	Level 3
Recurring fair value measurement				
<i>Assets:</i>				
Financial assets at FVPL				
– Structured deposits and wealth management products	4,348,753	–	47,614	4,301,139
– Unlisted investments	376,648	–	307,187	69,461
– Future contracts	45	45	–	–

	Fair value at	Fair value measurement at		
	December 31, 2024 RMB'000	Level 1	Level 2	Level 3

Recurring fair value measurement

Assets:

Financial assets at FVOCI

– Unlisted equity security

2,000 – – 2,000

Financial assets at FVPL

– Structured deposits and wealth management products

4,089,213 – 76,915 4,012,298

– Unlisted investments

386,308 – 74,259 312,049

Liabilities:

Financial liabilities at FVPL

– Future contracts

30 30 – –

Notes to the Financial Statements

(Expressed in Renminbi unless otherwise indicated)

37 FINANCIAL RISK MANAGEMENT AND FAIR VALUES OF FINANCIAL INSTRUMENTS (CONTINUED)

(e) Fair value measurement (Continued)

(i) Financial assets and liabilities measured at fair value (Continued)

Fair value hierarchy (Continued)

During the year ended December 31, 2025, there were no transfers between Level 1 and Level 2. During the year ended December 31, 2025, there were transfers of amount of RMB45,000,000 from Level 2 to Level 3 due to significant unobservable inputs in 2025. Also, there were transfers of amount of RMB287,587,000 from Level 3 to Level 2, as recent transaction prices became available for the relevant inputs in 2025. The Group's policy is to recognize transfers between levels of fair value hierarchy as at the end of the reporting period in which they occur.

Valuation techniques and inputs used in Level 2 fair value measurements

The fair value of unlisted investments in Level 2 is determined by recent comparable transaction price on the market.

Information about Level 3 fair value measurements

	Valuation techniques	Significant unobservable inputs
Unlisted equity securities and unlisted investments	Valuation multiples (Note i)	Changing trend of medium market multiples of comparable companies
Structured deposits and wealth management products	Discounted cash flow or Black-Scholes model (Note ii)	Expected return rate or expected volatility

Notes to the Financial Statements

(Expressed in Renminbi unless otherwise indicated)

37 FINANCIAL RISK MANAGEMENT AND FAIR VALUES OF FINANCIAL INSTRUMENTS (CONTINUED)

(e) Fair value measurement (Continued)

(i) Financial assets and liabilities measured at fair value (Continued)

Information about Level 3 fair value measurements (Continued)

Notes:

- (i) The fair value of unlisted equity security and unlisted investments is determined using valuation multiples adjusted for changing trend of medium market multiples of comparable companies. The fair value measurement is positively correlated to the changing trend of medium market multiples of comparable companies. As at December 31, 2025, it is estimated that with all other variables held constant, an increase/decrease in change of medium market multiples of comparable companies by 5% would have increased/decreased the Group's other comprehensive income by RMB nil (2024: RMB75,000) and profit for the year by RMB2,952,000 (2024: RMB13,262,000).
- (ii) The fair value of structured deposits and wealth management products is calculated by discounting the expected future cash flows or using Black-Scholes model. The fair value measurement is negatively correlated to expected return rate or positively correlated to expected volatility. As at December 31, 2025, it is estimated that with all other variables held constant, an increase/decrease in fair value of structured deposits and wealth management products by 5% would have increased/decreased the Group's profit for the year by RMB182,798,000 (2024: RMB170,523,000).

The fair value of unlisted equity security and unlisted investment is determined using valuation multiples technique with comparable companies. The fair values of the structured deposits and wealth management products have been calculated by discounting the expected future cash flows using rates currently available for instruments with similar terms, credit risk and remaining maturities.



Notes to the Financial Statements

(Expressed in Renminbi unless otherwise indicated)

37 FINANCIAL RISK MANAGEMENT AND FAIR VALUES OF FINANCIAL INSTRUMENTS (CONTINUED)

(e) Fair value measurement (Continued)

(i) Financial assets and liabilities measured at fair value (Continued)

Information about Level 3 fair value measurements (Continued)

The following table shows a reconciliation from the beginning balances to the ending balances for fair value measurement in Level 3 of the fair value hierarchy:

	Financial assets at FVOCI RMB'000	Financial assets at FVPL RMB'000	Total RMB'000
As at January 1, 2024	2,000	3,187,390	3,189,390
Net realized and unrealized gains on financial assets at fair value through profit or loss	–	86,050	86,050
Purchases	–	10,850,229	10,850,229
Sales and settlements	–	(9,900,439)	(9,900,439)
Transfer from Level 1	–	71,656	71,656
Transfer from Level 2	–	29,461	29,461
As at December 31, 2024 and January 1, 2025	2,000	4,324,347	4,326,347
Net realized and unrealized gains on financial assets at fair value through profit or loss	–	106,667	106,667
Purchases	–	17,756,918	17,756,918
Sales and settlements	(2,000)	(17,574,745)	(17,576,745)
Transfer from Level 2	–	45,000	45,000
Transfer from Level 3 to Level 2	–	(287,587)	(287,587)
As at December 31, 2025	–	4,370,600	4,370,600

Any gain or loss arising from the remeasurement of the Group's unlisted equity securities held for strategic purposes are recognized in the fair value reserve (non-recycling) in other comprehensive income. Upon disposal of the equity securities, the amount accumulated in other comprehensive income is transferred directly to accumulated losses.

The gains arising from the remeasurement of the Group's unlisted investment and the structured deposits and wealth management products are presented in the "Other net gain" line item in the consolidated statement of profit or loss.

All financial instruments carried at cost or amortized cost are at amounts not materially different from their values as at December 31, 2025 and 2024.

Notes to the Financial Statements

(Expressed in Renminbi unless otherwise indicated)

38 MATERIAL RELATED PARTY TRANSACTIONS

(a) Key management personnel remuneration

Remuneration for key management personnel of the Group, including amounts paid to the Company's directors and supervisors as disclosed in Note 8 and certain of the highest paid employees as disclosed in Note 9, is as follows:

	2025 RMB'000	2024 RMB'000
Short-term employee benefits	13,494	10,949
Contributions to defined contribution retirement plans	264	264
Equity settled share-based payment expenses	4,518	8,274
	18,276	19,487

Total remuneration is included in "staff costs" (see Note 6(b)).

(b) Names and relationships of the related parties that had other material transactions with the Group during the year:

Name of related party	Relationship
Mr. Wang Jianguo	Single largest shareholder of the Group
Mr. Xu Xiuxian	Executive director of the Company
Five Star Holdings Group Co., Ltd. ("Five Star") and its affiliates	Company and its affiliates controlled by the single largest shareholder of the Group
Nanjing Qingying Technology Co., Ltd. ("Qingying") and its affiliates	Company and its affiliates controlled by the single largest shareholder of the Group
Alibaba (China) Network Technology Co., Ltd. ("Alibaba China") and its affiliates	The Group's significant shareholder and its affiliates
Nanjing Shumei	Associate of the Group
Gongqingcheng Zhonghuida and its affiliates	Associate of the Group

Notes to the Financial Statements

(Expressed in Renminbi unless otherwise indicated)

38 MATERIAL RELATED PARTY TRANSACTIONS (CONTINUED)

(c) Guarantees issued by related parties

Certain bank facilities granted to the Group were guaranteed issued by related parties. An analysis of the carrying value of these liabilities is as follows:

	2025 RMB'000	2024 RMB'000
Net exposure on:		
Bills payable (Note 30)	-	2,873,870

At December 31, 2024, certain bank facilities granted to the Group for issuance of bills payable were guaranteed by Mr. Wang Jianguo as the single largest shareholder of the Group, Mr. Xu Xiuxian as the executive director of the Company and Five Star Holdings Group Co., Ltd. There are no guarantees issued by related parties for bills payable at December 31, 2025.

(d) Other significant related party transactions

During the years ended December 31, 2025 and 2024, the Group had following transactions with related parties:

	2025 RMB'000	2024 RMB'000
Purchase of goods		
Five Star and its affiliates	1,211	4,420
Alibaba China and its affiliates	28,553	89,230
	29,764	93,650
Purchase of services		
Alibaba China and its affiliates	3,472	14,900
Nanjing Shumei	175	24
	3,647	14,924

Notes to the Financial Statements

(Expressed in Renminbi unless otherwise indicated)

38 MATERIAL RELATED PARTY TRANSACTIONS (CONTINUED)

(d) Other significant related party transactions (Continued)

	2025 RMB'000	2024 RMB'000
Sales of goods		
Five Star and its affiliates	718	136
Alibaba China and its affiliates	42,502	107,567
Nanjing Shumei	472	48
Gongqingcheng Zhonghuida and its affiliates	2,428	–
	46,120	107,751
Acquisition of interests in subsidiaries under common control		
Five Star and its affiliates	3,236	–

(e) Significant related party balances

At December 31, 2025 and 2024, the Group had following balances with related parties:

	2025 RMB'000	2024 RMB'000
Trade in nature		
Trade receivables		
Five Star and its affiliates	221	–
Alibaba China and its affiliates	2,578	2,317
Nanjing Shumei	400	–
Gongqingcheng Zhonghuida and its affiliates	9,377	–
	12,576	2,317
Prepayments, deposits and other receivables		
Five Star and its affiliates	459	3,341
Alibaba China and its affiliates	31,687	32,233
Qingying and its affiliates	21,908	23,125
Nanjing Shumei	606	277
	54,660	58,976

Notes to the Financial Statements

(Expressed in Renminbi unless otherwise indicated)

38 MATERIAL RELATED PARTY TRANSACTIONS (CONTINUED)

(e) Significant related party balances (Continued)

Trade in nature	2025 RMB'000	2024 RMB'000
Trade payables		
Five Star and its affiliates	25,568	26,618
Alibaba China and its affiliates	380	380
Nanjing Shumei	–	120
	25,948	27,118
Other payables and accruals		
Five Star and its affiliates	5,274	5,271
Alibaba China and its affiliates	1,612	2,004
Qingying and its affiliates	582	582
Nanjing Shumei	376	17
	7,844	7,874
Contract liabilities		
Five Star and its affiliates	6	208
Alibaba China and its affiliates	160	85
Qingying and its affiliates	316	317
Nanjing Shumei	2,295	10
	2,777	620

Notes to the Financial Statements

(Expressed in Renminbi unless otherwise indicated)

38 MATERIAL RELATED PARTY TRANSACTIONS (CONTINUED)

(f) Applicability of the Listing Rules relating to connected transactions

Apart from sales of goods to Nanjing Shumei, the related party transactions during the year ended December 31, 2025 mentioned in Notes 38(c) and (d) above constitute connected transactions or continuing connected transactions as defined in Chapter 14A of the Listing Rules.

Guarantees and pledges issued, purchase of goods from Five Star and its affiliates, purchase of services from Alibaba China and its affiliates and sales of goods to Five Star and its affiliates during the year ended December 31, 2025 are continuing connected transactions but are exempted from these disclosure requirements in Chapter 14A of the Listing Rules as they are below the de minimis threshold under Rule 14A.76(1) or they are financial assistance under Rule 14A.90. Purchase of goods from Alibaba China and its affiliates and sales of goods to Alibaba China and its affiliates mentioned in Note 38(d) above constitute continuing connected transactions as defined in Chapter 14A of the Listing Rules. The disclosures required by Chapter 14A of the Listing Rules are provided under the section “Continuing Connected Transactions” in the Report of Directors.

Apart from these transactions, none of the other related party transactions during the year ended December 31, 2025 mentioned in Note 38 fall under the definition of a connected transaction or continuing connected transactions as defined in Chapter 14A of the Listing Rules.

39 BUSINESS COMBINATION

During the year ended December 31, 2025, the Group carried out several business combinations, among which the acquisition of Boundary Group was material to the Group.

Acquisition of Boundary Group

On November 18, 2025, the Group conditionally agreed to acquire the 57% equity interest of Boundary, which is an intelligent technology company focusing on e-commerce and retail enterprises by providing digital intelligence solutions in the PRC at a cash consideration of RMB456,000,000. The acquisition was completed on November 29, 2025 and since then Boundary and its subsidiaries became subsidiaries of the Group.

Pursuant to the equity transfer agreement, the payment of 20% of the cash consideration is subject to the fulfillment of certain performance commitment of Boundary Group in respect of consolidated net profit attributable to equity shareholders of Boundary and revenue from artificial intelligence for the years ended/ending December 31, 2025, 2026, 2027 and 2028.

Upon the satisfaction of the performance commitment for each year during the Performance Commitment Period, the Group will pay off 5% of the cash consideration, respectively. The present value of the cash consideration, including the contingent consideration as mentioned above, is RMB448,427,000.

Notes to the Financial Statements

(Expressed in Renminbi unless otherwise indicated)

39 BUSINESS COMBINATION (CONTINUED)

Acquisition of Boundary Group (Continued)

The following table summarizes the estimated fair value of the assets acquired and liabilities assumed as at the acquisition date:

	Fair value on acquisition RMB'000
Property, plant and equipment (Note 11)	1,676
Right-of-use assets (Note 12)	5,056
Intangible assets (Note 14)	85,300
Deferred tax assets (Note 33(b))	414
Cash and cash equivalents	213,763
Trade and bills receivables	751
Prepayments, deposits and other receivables	56,304
Taxation recoverable (Note 33(a))	11,563
Trade and bills payables	(5,066)
Other payables and accruals	(11,528)
Contract liabilities (Note 32)	(182,271)
Lease liabilities (Note 28)	(4,424)
Deferred tax liabilities (Note 33(b))	(16,036)
Identifiable net assets	155,502
The present value of cash consideration	448,427
Non-controlling interest, based on proportionate interest in the recognized identifiable net assets	66,866
Less: fair value of identifiable net assets acquired	(155,502)
Goodwill arising from the acquisition	359,791

The fair value of identifiable net assets of the acquiree is determined by the directors with reference to the valuation performed by an independent valuation firm on the acquisition date.

From the date of acquisition to December 31, 2025, Boundary Group contributed revenue of RMB28,672,000 and net profit of RMB2,862,000.

Notes to the Financial Statements

(Expressed in Renminbi unless otherwise indicated)

40 COMPANY-LEVEL STATEMENT OF FINANCIAL POSITION

<i>Note</i>	2025 RMB'000	2024 RMB'000
Non-current assets		
Property, plant and equipment	6,998	13,345
Right-of-use assets	25,584	33,104
Investment property	6,419	6,655
Interests in subsidiaries	3,501,106	3,329,318
Interests in a joint venture	13,578	14,020
Financial assets at fair value through profit or loss	696,061	948,685
Pledged deposits	1,650,000	780,000
Time deposits	200,000	320,000
Deferred tax assets	103,405	83,565
	6,203,151	5,528,692
Current assets		
Financial assets at fair value through profit or loss	4,018,670	3,516,166
Inventories	989	2,575
Trade and bills receivables	1,760,984	1,723,804
Prepayments, deposits and other receivables	5,220,289	4,382,028
Restricted deposits	14,231	160,395
Pledged deposits	4,895,525	3,706,435
Time deposits	100,000	770,000
Cash and cash equivalents	1,623,074	2,230,723
Taxation recoverable	3,158	-
	17,636,920	16,492,126
Current liabilities		
Bank loans and other borrowings	102,242	630,735
Lease liabilities	6,474	3,132
Trade and bills payables	14,678,989	12,758,953
Other payables and accruals	1,057,390	827,851
Contract liabilities	4,115	9,847
Taxation payable	-	21,857
	15,849,210	14,252,375
Net current assets	1,787,710	2,239,751
Total assets less current liabilities	7,990,861	7,768,443

Notes to the Financial Statements

(Expressed in Renminbi unless otherwise indicated)

40 COMPANY-LEVEL STATEMENT OF FINANCIAL POSITION (CONTINUED)

	<i>Note</i>	2025 RMB'000	2024 RMB'000
Non-current liabilities			
Bank loans and other borrowings		256,100	181,200
Lease liabilities		19,758	30,413
Other payables		61,144	–
Deferred income		17,000	17,000
		354,002	228,613
NET ASSETS			
		7,636,859	7,539,830
CAPITAL AND RESERVES			
	36(a)		
Share capital		562,570	562,570
Treasury shares		(237,867)	(224,923)
Reserves		7,312,156	7,202,183
TOTAL EQUITY			
		7,636,859	7,539,830

41 NON-ADJUSTING EVENTS AFTER THE REPORTING PERIOD

On February 13, 2026, the Group completed the acquisition of 25% equity interest of 金通靈科技集團股份有限公司 Jin Tong Ling Technology Group Co., Ltd. ("Jin Tong Ling"), a company listed on the ChiNext Board of the Shenzhen Stock Exchange (stock code: 300091). Jin Tong Ling was established in the PRC on April 9, 1993, primarily engaged in the manufacturing of industrial blowers, compressors, steam turbines and industrial boilers. The Group acquired 710,511,267 A shares of Jin Tong Ling at a consideration of RMB994,431,569.29. Upon completion of this acquisition, the Group is able to cast significant influence over the financial and operating policies of Jin Tong Ling.

42 IMMEDIATE AND ULTIMATE CONTROLLING PARTY

At December 31, 2025, the directors consider the immediate and ultimate controlling party of the Group is Mr. Wang Jianguo, Chairman of the Group.

Notes to the Financial Statements

(Expressed in Renminbi unless otherwise indicated)

43 POSSIBLE IMPACT OF AMENDMENTS, NEW STANDARDS AND INTERPRETATIONS ISSUED BUT NOT YET EFFECTIVE FOR THE YEAR ENDED DECEMBER 31, 2025

Up to the date of issue of these financial statements, the IASB has issued a number of new or amended standards, which are not yet effective for the year ended December 31, 2025 and which have not been adopted in these financial statements. These developments include the following which may be relevant to the Group.

	Effective for accounting periods beginning on or after
Amendments to IFRS 9, <i>Financial instruments</i> and IFRS 7, <i>Financial instruments: disclosures – Contracts referencing nature dependent electricity</i>	January 1, 2026
Amendments to IFRS 9, <i>Financial instruments</i> and IFRS 7, <i>Financial instruments: disclosures – Amendments to the classification and measurement of financial instruments</i>	January 1, 2026
Annual improvements to IFRS Accounting Standards – Volume 11	January 1, 2026
IFRS 18, <i>Presentation and disclosure in financial statements</i>	January 1, 2027
IFRS 19, <i>Subsidiaries without public accountability: disclosures</i>	January 1, 2027

The Group is in the process of making an assessment of what the impact of these developments is expected to be in the period of initial application. So far it has concluded that the adoption of them is unlikely to have a significant impact on the consolidated financial statements except for the following:

IFRS 18, *Presentation and Disclosure in Financial Statements*

IFRS 18 will replace IAS 1, *Presentation of Financial Statements* and aims to improve the transparency and comparability of information about an entity's financial statements. IFRS 18 is effective for annual reporting periods beginning on or after January 1, 2027 and is to be applied retrospectively.

Among other changes, under IFRS 18, entities are required to classify all income and expenses into five categories in the statement of profit or loss, namely the operating, investing, financing, discontinued operations and income tax categories. Entities are also required to provide specific disclosures about management-defined performance measures in a single note in the financial statements.

The Group does not plan to early adopt IFRS 18 and is still in the process of assessing the impact of the adoption.