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**Huitongda Network Co., Ltd.**

**匯通達網絡股份有限公司**

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

**(Stock Code: 9878)**

## **VOLUNTARY ANNOUNCEMENT CHANGES IN ORGANIZATIONAL STRUCTURE**

This announcement is made by Huitongda Network Co., Ltd. (the “**Company**”, together with its subsidiaries, the “**Group**”) on a voluntary basis.

### **CHANGES IN ORGANIZATIONAL STRUCTURE**

#### **Background**

Recently, the Group has made adjustments and reforms to its current organizational structure to better adapt to the changes and requirements of the external environment, enable a continued and focused effort on principle businesses and promote sustainable growth, and further improve corporate governance structure and enhance operational efficiency and competitiveness, so as to more rapidly advance the achievement of strategic goals for the next five years.

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Based on the trend of consumption upgrading in the lower-tier market in recent years, the Group has reorganized its product structure, upgraded its business model, and optimized the existing business unit structure based on different consumer needs to make its functions clearer and more focused, in order to promote profit maximization and sustainable development. The changes in organizational structure are specifically reflected in the following 4 aspects:

**I. Establishing a new brand business unit.** In order to more effectively promote the implementation of the Group’s “production and marketing integration” and “own brand” industrial upgrading strategies, a new brand business unit was established. With own brand and production and marketing integration construction as the core, and through innovative upstream cooperation models, such business unit will link the cooperation of leading brand manufacturers and promote full-chain industry collaboration. On the one hand, the business unit will create a benchmark for own brands, build an own brand matrix, and strengthen the independent and controllable capabilities of the supply chain, providing high-quality and market-competitive goods and services to consumers in the lower-tier market. On the other hand, it will further optimize the business structure of the Group and promote the continuous high-quality development of the business through an efficient production and marketing coordination mechanism.

**II. Organizing a supply chain business unit.** In order to further integrate existing supply chain resources and create the Group's second growth curve, the Group has integrated and upgraded the business of the original business unit and organized a supply chain business unit. The supply chain business unit will focus on developing high-gross-profit product categories, accelerate the layout of new industries and new tracks, and further strengthen the headquarters' supply chain capabilities to ensure that the increasingly diversified and personalized needs of consumers in lower-tier markets can be responded quickly. Based on the current principle business, it will actively build and incubate sub-industries, integrate personalized and customized channels and expand new channels to achieve diversified channel expansion, enhancing the Group's comprehensive profitability in all respects.

**III. Building an independent Apple business unit.** In order to better fit the consumption upgrade demand for consumer electronics products in the lower-tier market, the Group decided to upgrade the original Apple business unit to an independent Apple business unit based on the in-depth strategic cooperation with Apple. On the one hand, the business unit will efficiently operate the existing business and create a model for brand cooperation, digital construction and customer network construction. On the other hand, it will build a more complete Apple product ecosystem to maximize brand value.

**IV. Upgrading the B2B business unit.** In order to more effectively serve the B-end customers in the lower-tier market, the Group has upgraded and established the B2B business unit. Focusing on the B2B digital service platform business, the business unit will build an open B2B distribution platform to achieve effective docking and efficient matching between supply and demand in order to enhance the increment and strengthen the stickiness. Supplemented by digital technology empowerment services, it will optimize and enrich the digital product matrix, provide customized services for large enterprises and SaaS services for small and medium-sized enterprises, and promote the growth of enterprise digitalization and digital rural business.

## **Goals**

The Group has fully adapted to market changes through the changes in organizational structure. On the basis of adhering to the focus on serving the lower-tier market, the corporate positioning of industrial network, the strategic direction of serving family-run stores in towns with digital technology and supply chain capabilities and the operating system of integrating the network of "Heaven, Earth and People", the Group has further strengthened the supply chain, retained customers, and built an open platform to help the industry chain reduce costs and increase efficiency, and improve the quality of the retail end. Through the changes, the Group's business has been more focused with clearer path, thereby optimizing resource allocation, stimulating organizational vitality, strengthening core capability building, and achieving sustainable business development.

## **Benefits**

The new structure will better implement the strategic guiding ideology of "standing upright, integrating production and sales, and improving quality and efficiency", strengthen the Group's supply chain system, improve customer stickiness, and enhance the Group's omni-channel resource integration capabilities for brand factories, supply chain partners and member retail stores, thereby strengthening the Group's core competitiveness and creating higher competitive barriers.

These changes in organizational structure will further promote the high-quality development of the Group, including increasing key financial indicators such as gross profit margin and net profit margin, and accelerating the dual improvement of operating efficiency and organizational effectiveness, laying a solid foundation for the long-term and stable development of the Group. In addition, the new organizational structure will further find model innovation and development opportunities for the Group, and will firmly implement the Group's medium and long-term development strategy. To this end, the Group is planning more ambitious strategic goals for the next three years.

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

Nanjing, the People's Republic of China  
October 3, 2024

*As at the date of this announcement, the board of directors of the Company comprises the chairman and non-executive director, namely Mr. Wang Jianguo; the executive directors, namely Mr. Xu Xiuxian, Mr. Zhao Liangsheng and Mr. Sun Chao; the non-executive directors, namely Mr. Cai Zhongqiu and Mr. Wang Ran; and the independent non-executive directors, namely Ms. Yu Lixin, Mr. Liu Xiangdong and Mr. Diao Yang.*