
THIS CIRCULAR IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION

If you are in any doubt as to any aspect of this circular or as to the action to be taken, you should consult your stockbroker or other registered dealer in securities, bank manager, solicitor, professional accountant or other professional adviser.

If you have sold or transferred all your shares in Huitongda Network Co., Ltd., you should at once hand this circular, together with the forms of proxy to the purchaser or the transferee or to the bank, stockbroker or other agent through whom the sale or transfer was effected for transmission to the purchaser or the transferee.

Hong Kong Exchanges and Clearing Limited and The Stock Exchange of Hong Kong Limited take no responsibility for the contents of this circular, make no representation as to its accuracy or completeness and expressly disclaim any liability whatsoever for any loss howsoever arising from or in reliance upon the whole or any part of the contents of this circular.



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)

- (1) 2023 WORK REPORT OF THE BOARD**
 - (2) 2023 WORK REPORT OF INDEPENDENT NON-EXECUTIVE DIRECTORS**
 - (3) 2023 WORK REPORT OF THE BOARD OF SUPERVISORS**
 - (4) 2023 FINAL ACCOUNTS REPORT**
 - (5) 2024 FINANCIAL BUDGET REPORT**
 - (6) 2023 PROFIT DISTRIBUTION PLAN**
 - (7) 2024 DEVELOPMENT AND INVESTMENT PLAN**
 - (8) BANK CREDIT IN 2024**
 - (9) PROVISION OF GUARANTEE FOR THE FINANCING OF SUBSIDIARIES IN 2024**
 - (10) ACQUIRING WEALTH MANAGEMENT PRODUCTS WITH IDLE SELF-OWNED FUNDS IN 2024**
 - (11) RE-APPOINTMENT OF AUDITOR FOR 2024**
 - (12) PROPOSED GRANTING OF A GENERAL MANDATE TO THE BOARD TO ISSUE H SHARES**
 - (13) PROPOSED GRANTING OF A GENERAL MANDATE TO THE BOARD TO REPURCHASE H SHARES**
- AND**
- NOTICE OF THE 2023 ANNUAL GENERAL MEETING**

The AGM will be held by the Company at the Conference Room, 6/F, Huitongda Building, 50 Zhongling Street, Xuanwu District, Nanjing, Jiangsu Province, the PRC at 2:00 p.m. on Tuesday, May 21, 2024. The notice of the AGM is set out on pages 23 to 25 of this circular.

A form of proxy applicable to the AGM has been published on the websites of Hong Kong Stock Exchange (www.hkexnews.hk) and the Company (www.htd.cn) and dispatched to the H Shareholders by the mean of receipt of communications chosen by the H Shareholders. If you wish to appoint a proxy to attend the AGM, you must complete the form(s) of proxy in accordance with the instructions printed thereon and return it (them) to us not less than 24 hours before the time appointed for holding the AGM or any adjournment thereof (as the case may be). Completion and return of the form(s) of proxy will not preclude you from attending and voting in person at the AGM or any adjournment thereof should you so wish at that time.

April 29, 2024

CONTENTS

	<i>Page</i>
DEFINITIONS	1
 LETTER FROM THE BOARD	
1. INTRODUCTION	4
2. MATTERS TO BE RESOLVED AT THE AGM	4
3. AGM AND VOTING METHOD	4
4. RECOMMENDATION	5
 APPENDIX I – MATTERS TO BE RESOLVED AT THE AGM	 6
 APPENDIX II – 2023 WORK REPORT OF INDEPENDENT NON-EXECUTIVE DIRECTORS	 15
 APPENDIX III – EXPLANATORY STATEMENT ON THE H SHARE REPURCHASE MANDATE	 20
 NOTICE OF THE 2023 ANNUAL GENERAL MEETING	 23

DEFINITIONS

In this circular, unless the context otherwise requires, the following expressions shall have the following meanings:

“Annual General Meeting” or “AGM”	the 2023 annual general meeting of the Company to be held at the Conference Room, 6/F, Huitongda Building, 50 Zhongling Street, Xuanwu District, Nanjing, Jiangsu Province, the PRC at 2:00 p.m. on Tuesday, May 21, 2024, or any adjournment thereof (as the case may be)
“Articles of Association”	the articles of association of the Company (as amended, supplemented or otherwise modified from time to time)
“Board”	the board of Directors of the Company
“Board of Supervisors”	the board of Supervisors of the Company
“China” or “PRC”	the People’s Republic of China, excluding, for the purpose of this circular only, Hong Kong, the Macau Special Administrative Region of the PRC and Taiwan region
“Company”	Huitongda Network Co., Ltd., a joint stock company established under the laws of the PRC with limited liability 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) with a nominal value of RMB1.00 each in the share capital of the Company which is (are) subscribed for or credited as fully paid in Renminbi
“Domestic Shareholder(s)”	holder(s) of Domestic Share(s)
“Group”	the Company and its subsidiaries
“H Share(s)”	overseas listed foreign share(s) with a nominal value of RMB1.00 each in the share capital of the Company, which are subscribed for and traded in HK dollars and are listed on the Hong Kong Stock Exchange
“H Shareholder(s)”	holder(s) of H Share(s)

DEFINITIONS

“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
“Latest Practicable Date”	April 22, 2024, being the latest practicable date prior to the printing of this circular for ascertaining certain information in this circular
“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)
“RMB” or “Renminbi”	Renminbi, the lawful currency of the PRC
“RSU(s)”	restricted share unit(s), each share unit represents one underlying H Share of an award granted to a selected participant
“Shareholder(s)”	the shareholder(s) of the Company
“Share(s)”	ordinary share(s) in the share capital of the Company with a nominal value of RMB1.00 each, including Domestic Share(s) and H Share(s)
“subsidiary” or “subsidiaries”	has the meaning ascribed to it under the Listing Rules
“Supervisor(s)”	the supervisor(s) of the Company
“Takeovers Code”	The Codes on Takeovers and Mergers and Share Buy-backs (as amended, supplemented or otherwise modified from time to time)
“%”	per cent

LETTER FROM THE BOARD



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)

Chairman and non-executive Director:

WANG Jianguo

Executive Directors:

XU Xiuxian (*Chief Executive Officer*)

ZHAO Liangsheng

SUN Chao

Non-executive Directors:

CAI Zhongqiu

WANG Ran

Independent non-executive Directors:

YU Lixin

LIU Xiangdong

DIAO Yang

Registered Office and Headquarters:

Huitongda Building

50 Zhongling Street, Xuanwu District

Nanjing

Jiangsu Province

PRC

Principal Place of Business in Hong Kong:

40/F, Dah Sing Financial Centre

248 Queen's Road East

Wanchai

Hong Kong

April 29, 2024

To the Shareholders

Dear Sir or Madam,

- (1) 2023 WORK REPORT OF THE BOARD**
- (2) 2023 WORK REPORT OF INDEPENDENT NON-EXECUTIVE DIRECTORS**
- (3) 2023 WORK REPORT OF THE BOARD OF SUPERVISORS**
- (4) 2023 FINAL ACCOUNTS REPORT**
- (5) 2024 FINANCIAL BUDGET REPORT**
- (6) 2023 PROFIT DISTRIBUTION PLAN**
- (7) 2024 DEVELOPMENT AND INVESTMENT PLAN**
- (8) BANK CREDIT IN 2024**
- (9) PROVISION OF GUARANTEE FOR THE FINANCING OF
SUBSIDIARIES IN 2024**
- (10) ACQUIRING WEALTH MANAGEMENT PRODUCTS WITH IDLE
SELF-OWNED FUNDS IN 2024**
- (11) RE-APPOINTMENT OF AUDITOR FOR 2024**
- (12) PROPOSED GRANTING OF A GENERAL MANDATE TO THE
BOARD TO ISSUE H SHARES**
- (13) PROPOSED GRANTING OF A GENERAL MANDATE TO THE
BOARD TO REPURCHASE H SHARES**

LETTER FROM THE BOARD

1. INTRODUCTION

The purpose of this circular is to provide you with the AGM notice, and information on certain resolutions to be considered at the AGM so that you can make informed decisions on whether to vote for or against such resolutions at the AGM.

2. MATTERS TO BE RESOLVED AT THE AGM

Ordinary resolutions will be proposed at the AGM to approve: (i) 2023 work report of the Board; (ii) 2023 work report of independent non-executive Directors; (iii) 2023 work report of the Board of Supervisors; (iv) 2023 final accounts report; (v) 2024 financial budget report; (vi) 2023 profit distribution plan; (vii) 2024 development and investment plan; (viii) bank credit in 2024; (ix) provision of guarantee for the financing of subsidiaries in 2024; (x) acquiring wealth management products with idle self-owned funds in 2024; and (xi) re-appointment of auditor for 2024.

Special resolutions will be proposed at the AGM to approve: (xii) proposed granting of a general mandate to the Board to issue H Shares; and (xiii) proposed granting of a general mandate to the Board to repurchase H Shares.

In order to enable you to have a better understanding of the resolutions to be proposed at the AGM and to make decisions with sufficient and necessary information, the Company has provided detailed information in this circular, including matters to be resolved at the AGM (see Appendix I), 2023 work report of independent non-executive Directors (see Appendix II) and explanatory statement on the H Share repurchase mandate (see Appendix III).

3. AGM AND VOTING METHOD

The AGM will be held by the Company at the Conference Room, 6/F, Huitongda Building, 50 Zhongling Street, Xuanwu District, Nanjing, Jiangsu Province, the PRC at 2:00 p.m. on Tuesday, May 21, 2024. The notice of the AGM is set out on pages 23 to 25 of this circular.

The register of members of the Company is closed from Thursday, May 16, 2024 to Tuesday, May 21, 2024 (both days inclusive) for determining the entitlement of the Shareholders to attend and vote at the AGM, during which period no transfers of Shares will be registered. To be eligible to attend and vote at the AGM, all completed transfer documents together with the relevant Share certificates must be lodged with the Company's H Share Registrar, 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, 50 Zhongling Street, Xuanwu District, Nanjing, Jiangsu Province, the PRC (for Domestic Shareholders) not later than 4:30 p.m. on Tuesday, May 14, 2024. All Shareholders whose names appear on the register of members of the Company on Tuesday, May 21, 2024 are entitled to attend and vote at the AGM.

LETTER FROM THE BOARD

A form of proxy applicable to the AGM has been published on the websites of Hong Kong Stock Exchange (www.hkexnews.hk) and the Company (www.htd.cn) and dispatched to the H Shareholders by the mean of receipt of communications chosen by the H Shareholders. Shareholders who wish to appoint proxies to attend the AGM are requested to complete and return the form(s) of proxy to the Company's H Share Registrar, Computershare Hong Kong Investor Services Limited, at 17M Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong (for H Shareholders) or the registered office of the Company, at Huitongda Building, 50 Zhongling Street, Xuanwu District, Nanjing, Jiangsu Province, the PRC (for Domestic Shareholders) not later than 24 hours before the time of the AGM (i.e. before 2:00 p.m. on Monday, May 20, 2024). Completion and return of the form(s) of proxy will not preclude Shareholders from attending and voting in person at the AGM or any adjournment thereof should they so wish at that time.

Pursuant to Rule 13.39(4) of the Listing Rules and Article 94 of the Articles of Association, subject to certain exceptions, all votes of the Shareholders at the general meetings must be taken by poll. Therefore, all resolutions at the AGM will be taken by poll.

To the best of the Directors' knowledge, information and belief, having made all reasonable enquiries, as at Latest Practicable Date, Mr. WANG Jianguo, Mr. XU Xiuxian, Mr. WANG Jian as well as Nanjing Yuanbai Enterprise Management Centre (Limited Partnership) have material interests in the No. 8 resolution on bank credit in 2024, and must abstain from voting on the resolution. Save for disclosed above, no Shareholder will be required to abstain from voting on the relevant resolution at the AGM.

4. RECOMMENDATION

The Board considers that all the resolutions set out in the notice of the Annual General Meeting for consideration and approval by the Shareholders are in the interests of the Company and the Shareholders as a whole. Accordingly, the Board recommends the Shareholders to vote in favor of all the resolutions to be proposed at the AGM.

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

I. 2023 WORK REPORT OF THE BOARD

For the major contents of the 2023 work report of the Board of the Company, please refer to the report of the Board set out in the Company's 2023 Annual Report published on the websites of the Hong Kong Stock Exchange (www.hkexnews.hk) and the Company (www.htd.cn) on April 26, 2024.

This resolution was considered and approved by the Board on March 27, 2024 and is being proposed as an ordinary resolution for consideration and approval at the AGM.

II. 2023 WORK REPORT OF INDEPENDENT NON-EXECUTIVE DIRECTORS

For the full text of the 2023 work report of independent non-executive Directors of the Company, please refer to Appendix II to this circular.

This resolution was considered and approved by the Board on March 27, 2024 and is being proposed as an ordinary resolution for consideration and approval at the AGM.

III. 2023 WORK REPORT OF THE BOARD OF SUPERVISORS

For the main contents of the 2023 work report of the Board of Supervisors of the Company, please refer to the report of the Board of Supervisors set out in the Company's 2023 Annual Report published on the websites of the Hong Kong Stock Exchange (www.hkexnews.hk) and the Company (www.htd.cn) on April 26, 2024.

This resolution was considered and approved by the Board of Supervisors on March 27, 2024 and is being proposed as an ordinary resolution for consideration and approval at the AGM.

IV. 2023 FINAL ACCOUNTS REPORT

The Company has prepared its consolidated financial statements for 2023 in accordance with the International Financial Reporting Standards and engaged KPMG to audit the Group's consolidated financial statements. KPMG has reported a standard unqualified auditor's opinion to the Shareholders. For the details of the above statements, please refer to the consolidated financial statements in the Company's 2023 Annual Report published on the websites of the Hong Kong Stock Exchange (www.hkexnews.hk) and the Company (www.htd.cn) on April 26, 2024.

This resolution was considered and approved by the Board on March 27, 2024 and is being proposed as an ordinary resolution for consideration and approval at the AGM.

V. 2024 FINANCIAL BUDGET REPORT

In accordance with the Company's strategic development objectives and business development needs, the Company has prepared the 2024 financial budget report.

According to the 2024 financial budget report, the Company expects to invest approximately RMB1.627 billion in expenses for various items in 2024, mainly for the inputs in personnel, marketing, technology research and development, warehousing and logistics, fixed assets and daily operation.

This resolution was considered and approved by the Board on March 27, 2024 and is being proposed as an ordinary resolution for consideration and approval at the AGM.

VI. 2023 PROFIT DISTRIBUTION PLAN

According to the 2023 consolidated financial statements, the Group recorded a net profit of RMB697 million in 2023, of which the profit attributable to equity shareholders of the Company was RMB448 million.

The Board proposes not to make profit distribution due to the fact that the accumulated undistributed profits are negative.

This resolution was considered and approved by the Board on March 27, 2024 and is being proposed as an ordinary resolution for consideration and approval at the AGM.

VII. 2024 DEVELOPMENT AND INVESTMENT PLAN

In 2024, the operation and management team of the Company will continue to optimise and upgrade the Company's business model.

To this end, the Company's development and investment direction in 2024 will continue to focus on "building, replenishing and strengthening the chain", increase the construction of rural service-oriented outlets, while take into account the investment in strategic supply chain resources of upstream brand manufacturers, utilize the use of various methods to improve the capacity of the core industrial chain, enrich the Company's profits, improve its ability to withstand risks, and cultivate new momentum and new curves for the Company's growth.

Based on the above strategic objectives as well as the investment and development situation in 2023 and the operating budget for 2024, the Company expects an overall planned investment with its self-owned funds of RMB1 billion in 2024.

At the same time, it is proposed at the AGM to authorize the Board which may delegate such authorization to the Company's management to act depending on the projects invested, within the total investment amount specified in the 2024 development and investment plan.

This resolution was considered and approved by the Board on March 27, 2024 and is being proposed as an ordinary resolution for consideration and approval at the AGM.

VIII. BANK CREDIT IN 2024

To ensure the Company's daily operational needs as well as stage-by-stage capital requirements, the Company's overall total bank facilities in 2024 will be controlled within RMB19 billion, including but not limited to ICBC, Bank of China, Bank of Communications, China Merchants Bank and other financial institutions. Types of credit include but not limited to the bank note exposure, loan, letter of credit, letter of guarantee, supply chain, etc.

Among the above bank credit, for part of the credit granted to the Company, it is proposed to continue to be provided with joint liability guarantee by Mr. WANG Jianguo, the substantial shareholder of the Company, and his controlled company, Five Star Holdings Group Co., Ltd.; and for the credit granted to the Company's business divisions, branches and high-quality subsidiaries, it is proposed to continue to be provided with joint liability guarantee by the Company.

The above joint liability guarantees provided by Mr. WANG Jianguo, the substantial shareholder of the Company, and his controlled company, Five Star Holdings Group Co., Ltd., constitute financial assistance to be provided by connected persons for the benefit of the Group and are on normal or better commercial terms. Furthermore, such financial assistance is not secured by the assets of the Group. Accordingly, such financial assistance is exempt from all requirements of reporting, announcement and independent Shareholders' approval according to Rule 14A.90 of the Listing Rules.

At the same time, it is proposed at the AGM to authorize the Board which may delegate such authorization to the Company's management to act depending on use of funds within the above total line of credit.

This resolution was considered and approved by the Board on March 27, 2024 and is being proposed as an ordinary resolution for consideration and approval at the AGM.

IX. PROVISION OF GUARANTEE FOR THE FINANCING OF SUBSIDIARIES IN 2024

The Company intends to provide guarantee for the external bank financing activities of its high-quality subsidiaries, with the total guarantee balance limited to RMB3 billion and not exceeding 30% of the Company's net assets and 10% of its total assets as of the latest account. The purpose is to fully motivate the operational enthusiasm and independence of the Company's subordinate operating entities and encourage them to optimize their settlement methods and independent financing.

At the same time, it is proposed at the AGM to authorize the Board which may delegate such authorization to the Company's management to act depending on use of funds within the above total guarantee balance.

This resolution was considered and approved by the Board on March 27, 2024 and is being proposed as an ordinary resolution for consideration and approval at the AGM.

X. ACQUIRING WEALTH MANAGEMENT PRODUCTS WITH IDLE SELF-OWNED FUNDS IN 2024

The Company intends to use its idle self-owned funds to purchase wealth management products on the premise of ensuring its normal operation, to improve the efficiency of use of funds and rationalize the use of idle funds.

(I) Investment amount

The Company intends to use its idle self-owned funds of not exceeding RMB5 billion in total to purchase wealth management products within the authorization period, and the funds can be used on a rolling basis within the above amount.

(II) Investment variety

The wealth management products that the Company intends to purchase are short-term (within 12 months) low-risk products, and the funds are invested in fixed-income and fixed-class income products with expected returns higher than the interest rates of bank deposits in the same period. Such purchase is an important financial management tool for the Company to improve the efficiency of use of idle self-owned funds under the premise of risk control.

(III) Investment risk analysis and risk control measures**1. Investment risk**

The funds used for the short-term wealth management products to be invested by the Company are idle self-owned funds, without detriment to the Company's daily capital turnover needs or the normal development of the Company's principal business. The Company is currently in a sound financial position. The use of the corresponding funds will not affect the development of the Company's daily business, but will increase the income of idle self-owned funds, which is in the interest of all Shareholders.

2. Risk control measures

- (1) The Company adheres to the requirement of "safety first, profit second", and sticks to the principle of diversification of institutions and products. Based on the past cooperation, the Company has performed well in selecting and entering into pools of financial institutions and financial products.
- (2) The Company intends to purchase short-term wealth management products, which are invested in fixed-income and fixed-class income products and cannot be used for other financial products with stocks and their derivatives as investment targets. In this sense, the risks are controllable. The relevant personnel of the Company's financial management center will analyze and

track the investment orientation of the wealth management products and project progress in time. If finding risk factors that may affect the security of the Company's funds through evaluation, they will take corresponding measures to control the investment risk in time.

- (3) The Company's fund management department will establish a ledger to manage the short-term wealth management products, and the accounting department will establish complete accounts for the financial accounting of the use of funds.
- (4) The independent non-executive Directors and the Board of Supervisors have the right to supervise and inspect the use of funds, and may engage professional institutions to conduct audits when necessary.

(IV) Decision-making procedures

In accordance with the relevant provisions of the Articles of Association and the Management Regulation Governing the External Investment of the Company, this resolution shall be submitted to the general meeting for consideration and approval.

(V) Authorization period

The authorization period shall be from the date of consideration and approval of this resolution at the AGM to the date of the next annual general meeting of the Company.

Meanwhile, it is proposed at the AGM to authorize the Board which may delegate such authorization to the Company's management to be responsible for investment decision-making and purchases of wealth management products within the above investment varieties and amount.

This resolution was considered and approved by the Board on March 27, 2024 and is being proposed as an ordinary resolution for consideration and approval at the AGM.

XI. RE-APPOINTMENT OF AUDITOR FOR 2024

The total fee for the interim review and annual audit services provided by KPMG engaged by the Company in 2023 was RMB7.10 million.

The Board proposes to re-appoint KPMG as the Company's auditor for 2024 for a term of one year. The auditor's remuneration for 2024 will be determined based on the auditor's specific workload with reference to market price level.

This resolution was considered and approved by the Board on March 27, 2024 and is being proposed as an ordinary resolution for consideration and approval at the AGM.

XII. PROPOSED GRANTING OF A GENERAL MANDATE TO THE BOARD TO ISSUE H SHARES

It is suggested to propose to the AGM to grant a general and unconditional mandate to the Board to determine to separately or concurrently allot, issue and deal with no more than 20% of the number of issued H Shares of the Company, or securities, share options and warrants convertible into such Shares, or similar rights to subscribe for the H Shares (“**Similar Rights**”), so as to meet the needs of the Company’s business development, consolidate the Company’s leading position in the industry, further improve the Company’s capital strength and comprehensive strength, and increase decision-making efficiency to grasp the market opportunity. As at the Latest Practicable Date, the issued Shares of the Company consisted of 382,303,498 Domestic Shares and 180,266,339 H Shares. Subject to the approval of this resolution and assuming that no H Share will be issued prior to the AGM, the Company may issue up to 36,053,267 H Shares pursuant to the general mandate.

Details of the above general mandate are as follows:

- I. To grant a general and unconditional mandate to the Board to determine to allot, issue and deal with H Shares or Similar Rights, separately or concurrently, and to determine the terms and conditions for allotting, issuing and dealing with such new H Shares or Similar Rights, including but not limited to:
 1. the class and number of new H Shares and/or Similar Rights proposed to be issued;
 2. the pricing methods, target subscribers, interest rate and issuance/conversion/exercise price (including price range) of the new H Shares and/or Similar Rights;
 3. the commencement and closing dates of the issuance;
 4. the use of proceeds from the new H Shares and/or Similar Rights proposed to be issued;
 5. the class and number of new H Shares and/or Similar Rights proposed to be issued to the existing Shareholders; and/or
 6. to make or grant offers, agreements, share options, conversion rights or other rights (including rights under the equity incentive scheme, unless otherwise provided by applicable laws and regulations) that may be required for the exercise of such rights.

- II. The number of the H Shares to be allotted, issued and dealt with separately or concurrently (whether under a share option or otherwise) by the Board under the general mandate (excluding Shares issued by way of capitalization of reserves) shall not exceed 20% of the number of the H Shares in issue at the time when this resolution is considered and approved by the Company at the AGM.
- III. If the Board has decided to allot, issue and deal with H Shares or Similar Rights within the Issuance Relevant Period (as defined below), and the Company has obtained the relevant approval, permission or registration (if applicable) from the regulatory authorities within the validity period of authorization, the Board may complete the relevant allotment, issuance and disposal during the effective period of such approval, permission or registration.
- IV. To authorize the Board to obtain approval from all relevant government departments and/or regulatory authorities (if applicable) in accordance with applicable laws as amended from time to time (including but not limited to the Company Law of the People's Republic of China, the Securities Law of the People's Republic of China, the Listing Rules, or the applicable laws and regulations of the regulatory authorities in the place where the Company's shares are listed), and exercise general mandate.
- V. To authorize the Board to approve, execute and do or procure to be executed and done, all such documents, deeds and matters as it may consider necessary in connection with the allotment, issuance and disposal of any new H Shares pursuant to the exercise of the general mandate, complete necessary formalities and procedures, and take other necessary actions.
- VI. To authorize the Board at the time of allotment of new H Shares and after the completion of the issuance, to increase the registered capital of the Company and make appropriate and necessary amendments to the Articles of Association in accordance with the method and number of the allotment and issuance of new H Shares of the Company and the shareholding structure of the Company upon completion of the allotment and issuance of new H Shares.
- VII. The general mandate shall be valid from the date when this resolution is considered and approved by the AGM to the following date, whichever is the earliest (the "**Issuance Relevant Period**"):
1. the expiration of 12 months from the date when this resolution is considered and approved at the AGM;
 2. the conclusion of the 2024 annual general meeting of the Company; or
 3. the date on which the mandate granted under this resolution is revoked or amended by the Shareholders at any general meeting by way of special resolution.

This resolution was considered and approved by the Board on March 27, 2024 and is being proposed as a special resolution for consideration and approval at the AGM.

XIII. PROPOSED GRANTING OF A GENERAL MANDATE TO THE BOARD TO REPURCHASE H SHARES

In order to seize market opportunities, maintain the stability of the Company's operation, development and share price, protect the long-term interests of investors and promote the maximization of the Shareholders' value, a general mandate is proposed to be granted to the Board at the AGM to repurchase H Shares ("**H Share Repurchase Mandate**"). The Board will only repurchase H Shares to the extent that the repurchase of H Shares is beneficial to the Company and the Shareholders as a whole.

Details of the H Share Repurchase Mandate are as follows:

- I. To grant a general and unconditional mandate to the Board to determine to repurchase and deal with the H Shares. The authorization granted to the Board includes but is not limited to:
 1. Formulating and implementing specific repurchase plans, including but not limited to determining the timing of repurchase, repurchase period, repurchase price, repurchase quantity, etc.;
 2. Notifying the creditors and making an announcement in accordance with the provisions of the Company Law of the People's Republic of China and other relevant laws, regulations and normative documents and the Articles of Association;
 3. Opening an overseas stock account and going through the corresponding changes of the foreign exchange registration procedures;
 4. Fulfilling the relevant approval and filing procedures (if any) in accordance with the requirements of the regulatory authorities and the Hong Kong Stock Exchange;
 5. Handling the matters related to the cancellation of the repurchased shares, reducing the registered capital, making amendments to the Articles of Association in relation to the total share capital, shareholding structure and other relevant contents, and fulfilling the relevant statutory registration and filing procedures within and outside the PRC;
 6. Signing and handling other documents and matters related to share repurchase.

Pursuant to the above approvals, the total number of H Shares that the Company is authorized to repurchase during the Repurchase Relevant Period (as defined below) shall not exceed 10% of the number of H Shares of the Company in issue and listed on the Hong Kong Stock Exchange as at the date on which this resolution is considered and approved at the AGM.

- II. The H Share Repurchase Mandate shall be subject to the fulfillment of all of the following conditions precedent:
1. The obtaining of approvals from all competent regulatory authorities (if applicable) in accordance with the laws and regulations in the PRC;
 2. Pursuant to the Company Law of the People's Republic of China and the notice procedures stipulated in the Articles of Association, in the event no creditor requires the Company to repay or provide security for any amount owed by the Company to the creditor, or if any of the Company's creditors requires the Company to repay or provide security, the Company has, at its sole and absolute discretion, made repayments or provided security for such amount. If the Company decides to repay any amount to any of its creditors, the Company will use internal funds to repay such amount.
- III. The “**Repurchase Relevant Period**” in this resolution refers to the period commencing on the date on which this resolution is considered and approved at the AGM and ending at the earliest of:
1. the expiration of 12 months from the date on which this resolution is considered and approved at the AGM;
 2. the conclusion of the 2024 annual general meeting of the Company; or
 3. the date on which the mandate granted under this resolution is revoked or amended by the Shareholders at any general meeting by way of special resolution.

An explanatory statement required by the Listing Rules to provide the Shareholders with requisite information reasonably necessary for them to make an informed decision on whether to vote for or against the granting of the H Share Repurchase Mandate is set out in Appendix III to this circular.

This resolution was considered and approved by the Board on March 27, 2024 and is being proposed as a special resolution for consideration and approval at the AGM.

In 2023, in accordance with the Company Law of the People's Republic of China (the "Company Law"), the Securities Law of the People's Republic of China, the Corporate Governance Code in Appendix C1 to the Listing Rules, the Articles of Association and other relevant regulations, they, as independent non-executive Directors of Huitongda Network Co., Ltd. (the "Company"), acted according to the laws and regulations, and exercised due diligence during his/her term of office, and expressed independent and objective opinions on major matters considered by the Board. Their work safeguarded the legitimate rights and interests of all Shareholders, particularly minority Shareholders. The report on the performance of duties of the independent non-executive Directors for 2023 is set out below:

I. PARTICULARS OF INDEPENDENT NON-EXECUTIVE DIRECTORS

The independent non-executive Directors have the professional knowledge required to perform their duties, extensive experience in the industry and the ability to exercise independent judgment. The biographical details of the current independent non-executive directors are as follows:

Ms. YU Lixin (虞麗新), Chinese Certified Public Accountant, managing partner of Talent Certified Public Accountants LLP. She is currently an independent director of a number of listed companies in China and has over 30 years of experience in the financial field.

Mr. LIU Xiangdong (劉向東), is a professor and doctoral supervisor at the Business School of the Renmin University of China. He was a member of the School Council, director of the Development Planning Division, and Vice Dean of Business School of the Renmin University of China. His main research interests include industrial economics, e-commerce theory and practice, digital transformation, and retail and distribution economics.

Mr. DIAO Yang (刁揚), co-founder of Parantoux Capital Limited (藍藤資本有限公司), has over 17 years of experience in corporate finance and has deep insights and opinions of China's technology, media and communications and consumer goods industries. He formerly served as the managing director of the investment banking department of China Renaissance Securities (Hong Kong) Limited, the managing director of the global investment banking department of J.P. Morgan Securities (Asia Pacific) Limited, and the associate of Morgan Stanley Asia Limited.

The independence is not affected by any relationship between the independent non-executive Directors and the Company, or by the Company's major Shareholders, de facto controller, or other units or individuals with an interest in the Company.

II. PARTICIPATION IN THE BOARD (INCLUDING SPECIAL COMMITTEES) AND ATTENDANCE AT THE GENERAL MEETING

In 2023, the Company convened 6 Board meetings, 7 audit committee meetings, 3 strategy committee meetings, 4 remuneration and appraisal committee meetings and 2 nomination committee meetings. Independent non-executive Director, YU Lixin, attended 6 Board meetings, 7 audit committee meetings and 4 remuneration and appraisal committee meetings; independent non-executive Director, LIU Xiangdong, attended 6 Board meetings, 7 audit committee meetings, 2 nomination committee meetings and 4 remuneration and appraisal committee meetings; independent non-executive Director, Cheng Zichuan (removed), attended 2 Board meetings and 1 nomination committee meeting. Considering that DIAO Yang, independent non-executive Director, was elected as independent non-executive Director on November 14, 2023, there is no meeting requiring DIAO Yang to attend in 2023. In 2023, the independent non-executive Directors did not raise any objection to the resolutions considered by the Board and its special committees in 2023.

In 2023, independent non-executive Director, YU Lixin attended 3 general meetings, independent non-executive Director, LIU Xiangdong attended 3 general meetings, independent non-executive Director, CHENG Zichuan (removed) attended 1 general meeting; independent non-executive Director, DIAO Yang was elected as independent non-executive Director at the second extraordinary general meeting in 2023, and there was no general meeting requiring DIAO Yang to attend in 2023.

III. MATTERS OF KEY CONCERN TO THE INDEPENDENT NON-EXECUTIVE DIRECTORS IN THEIR ANNUAL DUTIES**(I) Connected (related) transactions**

In 2023, we carefully reviewed the connected (related) transactions of the Company and were of the view that: The connected (related) transactions were in compliance with the principles of fairness, justice and openness and have strictly fulfilled the disclosure obligations of connected (related) transactions. The relevant connected (related) directors have avoided voting. The pricing principles of the connected (related) transactions between the Company and the connected (related) person were fair and reasonable, without detriment to the interests of the Company and minority Shareholders. The consideration and voting of the relevant resolutions were in strict accordance with the Articles of Association and the Measures for the Administration of Connected Transactions of the Company, and the decision-making procedures were legal and compliant.

(II) External guarantee and capital occupation

In 2023, the Company provided guarantees for the external bank financing activities of its high-quality subsidiaries. That was not only conducive to the Company's business development and the virtuous cycle for the Company's supply chain system but also suited to the Company's operational realities and overall development strategy. The decision-making procedures of the Company's external guarantees were in compliance with relevant laws, rules and regulations as well as the provisions of the Articles of Association. In 2023, there was neither guarantee for nor capital occupation by the controlling shareholder, the de facto controller and the enterprises under its control.

(III) Appointment and removal as well as remuneration and appraisal of senior management

In 2023, the Company's operation and management team was stable. In order to enhance the Company's value and accelerate the domestic capitalization process, Ms. NI Juan (倪娟) was newly appointed as senior management of the Company and there was no dismissal of other senior management. The remuneration of the senior management of the Company is in compliance with the requirements of the Company's performance appraisal and relevant remuneration system, and the payment of remuneration is in compliance with the requirements of relevant laws, the Articles of Association and rules and regulations.

(IV) Re-appointment of auditor

In 2023, the independent non-executive directors carefully considered the Resolution on the Engagement of Auditor for 2023. As audited, KPMG has the statutory qualification to provide audit services for listed companies. KPMG has the necessary professional competence, investor protection ability, independence, and good integrity. It has the experience and ability to provide audit services to listed companies and can meet the future audit requirements of the Company. All independent non-executive Directors agreed to re-appoint KPMG as the financial report auditor of the Company for 2023.

(V) Regarding the implementation of equity incentive plans

In 2023, the Company granted two phases of RSUs, with a total of 8.9995 million RSUs granted. The Company's implementation of granting RSUs can establish and improve the Company's long-term incentive and restriction mechanism, fully mobilize employees' motivation, and promote the improvement of the Company's operating results. It is conducive to the Company's long-term and sustainable development. There are no circumstances that are detrimental to the interests of the Company and all Shareholders. The assessment system of the RSUs is comprehensive, integrated and operable, and the setting of assessment indicators is scientific and reasonable. It also has a constraining effect on the incentive objects and can achieve the assessment purpose of the incentive scheme. All the independent non-executive Directors unanimously agreed to the matter.

(VI) Profit distribution

In 2023, due to the accumulated undistributed profits are negative, the Company decided not to distribute profits. We carefully reviewed the above profit distribution plan and were of the view that it was in compliance with the relevant provisions of the Articles of Association on profit distribution and conducive to the stable operation and sustainable development of the Company, without detriment to the interests of minority Shareholders.

(VII) Implementation of internal control

In 2023, in accordance with the provisions of the Basic Standard for Enterprise Internal Control and its supporting guidelines and other internal control regulatory requirements, the Company proactively identified and evaluated internal control risks and identified internal control deficiencies. Based on its internal control policy and evaluation methods, the Company prepared the 2023 Evaluation Report on Internal Control, evaluated the effectiveness of internal control of key business processes and key control links. The construction of the internal control system is solid and orderly and operates effectively.

(VIII) Others

In 2023, in strict accordance with the relevant laws and regulations and the Articles of Association of the Company, we performed our duties as independent non-executive Directors faithfully, diligently and conscientiously, and exercised our due functions and power prudently, conscientiously and objectively, to secure the sustainable growth of the Company's operation. We paid continuous attention to the implementation and improvement of the Company's policies of operation, management and internal control, the implementation of Board resolutions, financial management, progress of member operation and investment development and other related matters. We also identified problems in the Company's operation and potential risk factors, and made professional suggestions for the Company's decision-making and risk prevention.

IV. OVERALL EVALUATION

As the independent non-executive Directors of the Company, during the performance of their duties in 2023, they complied with the provisions of relevant domestic and overseas laws and regulations, conscientiously and faithfully performed the duties conferred by relevant laws and regulations and the Articles of Association, gave full play to their business expertise, and actively participated in the decision-making on major matters of the Company, and expressed their opinions prudently and objectively, promoted the scientific and efficient decision-making of the Board of Directors, and diligently performed the duties of independent non-executive Directors.

Huitongda Network Co., Ltd.

Independent non-executive Directors

Ms. YU Lixin, Mr. LIU Xiangdong and

Mr. DIAO Yang

March 27, 2024

The following is an explanatory statement required by the Listing Rules to provide the Shareholders with requisite information reasonably necessary for them to make an informed decision on whether to vote for or against the special resolution to be proposed at the AGM in relation to the granting of the H Share Repurchase Mandate.

1. SHARE CAPITAL

As at the Latest Practicable Date, the issued share capital of the Company comprised 562,569,837 Shares, including 382,303,498 Domestic Shares and 180,266,339 H Shares.

Subject to the passing of the special resolution at the AGM in respect of the granting of the H Share Repurchase Mandate to the Board and on the basis that the total number of the issued H Shares of the Company remains unchanged on the date of the AGM, i.e. being 180,266,339 H Shares, the Directors would be authorized under the H Share Repurchase Mandate to repurchase, during the period in which the H Share Repurchase Mandate remains in force, a maximum of 18,026,633 H Shares, representing 10% of the total number of H Shares in issue as at the date of the AGM.

2. REASONS FOR H SHARE REPURCHASE

The Directors believe that the granting of the H Share Repurchase Mandate is in the best interests of the Company and the Shareholders.

H Share repurchase may, depending on the market conditions and funding arrangements at the time, lead to an enhancement of the net asset value per Share and/or earnings per Share and will only be made when the Board believes that such a repurchase will benefit the Company and the Shareholders.

3. FUNDING OF SHARE REPURCHASE

The Company may only apply funds legally available for H Share repurchase in accordance with its Articles of Association, the laws of the PRC and/or any other applicable laws, as the case may be.

4. IMPACT OF SHARE REPURCHASE

There might be an adverse impact on the working capital or gearing levels of the Company (as compared with the position disclosed in the audited accounts contained in the annual report of the Company for the year ended December 31, 2023) in the event that the H Share Repurchase Mandate was to be carried out in full at any time during the proposed repurchase period. However, the Directors do not intend to exercise the H Share Repurchase Mandate to such extent as would, in the circumstances, have a material adverse effect on the working capital or gearing levels of the Company which in the opinion of the Directors are from time to time appropriate for the Company.

5. MARKET PRICES OF H SHARES

The highest and lowest monthly prices per Share at which H Shares have traded on the Hong Kong Stock Exchange during the period of twelve months prior to the Latest Practicable Date were as follows:

Month	Highest <i>HK\$</i>	Lowest <i>HK\$</i>
April 2023	34.95	28.35
May 2023	35.45	28.05
June 2023	33.60	28.60
July 2023	32.20	27.65
August 2023	31.20	28.15
September 2023	31.80	27.70
October 2023	33.45	28.20
November 2023	33.10	28.50
December 2023	30.80	24.30
January 2024	31.25	27.00
February 2024	31.45	26.70
March 2024	31.45	27.40
April 2024 (<i>up to the Latest Practicable Date</i>)	31.50	28.00

6. GENERAL INFORMATION

None of the Directors, to the best of their knowledge and having made all reasonable enquiries, nor any of their respective close associates (as defined in the Listing Rules) have any present intention to sell any H Shares to the Company in the event that the granting of the H Share Repurchase Mandate is approved by the Shareholders.

The Directors will exercise the power of the Company to repurchase H Shares pursuant to the H Share Repurchase Mandate in accordance with the Listing Rules and the applicable laws of the PRC.

The Company has not been notified by any core connected persons (as defined in the Listing Rules) of the Company that they have a present intention to sell any H Shares to the Company, or that they have undertaken not to sell any H Shares held by them to the Company in the event that the granting of the H Share Repurchase Mandate is approved by the Shareholders.

There is nothing unusual in this explanatory statement or the proposed H Share Repurchase Mandate.

7. TAKEOVERS CODE

If as a result of a repurchase of H Shares pursuant to the H Share Repurchase Mandate, a Shareholder's proportionate interest in the voting rights of the Company increases, such increase will be treated as an acquisition for the purposes of the Takeovers Code. Accordingly, a Shareholder or a group of Shareholders acting in concert (within the meaning under the Takeovers Code), depending on the level of increase in the Shareholder's interest, could obtain or consolidate his/her/its or their control of the Company and thereby become obliged to make a mandatory offer in accordance with Rule 26 of the Takeovers Code.

To the best knowledge of the Company, as at the Latest Practicable Date, Mr. WANG Jianguo directly held 39,516,334 H Shares and 114,439,526 Domestic Shares, Nanjing Yuanbai Enterprise Management Centre (Limited Partnership) directly held 2,991,759 H Shares and 8,664,152 Domestic Shares, and Mr. WANG Jianguo indirectly controlled 99% equity interest in Nanjing Yuanbai Enterprise Management Centre (Limited Partnership) through Five Star Holdings Group Co., Ltd. (a company in which Mr. WANG Jianguo was entitled to exercise approximately 68.14% voting rights). Therefore, Mr. WANG Jianguo was deemed to be interested in the Shares held by Nanjing Yuanbai Enterprise Management Centre (Limited Partnership). In the event that the Directors exercise in full the power to repurchase H Shares under the proposed H Share Repurchase Mandate, the aggregate shareholding in the issued share capital of the Company of Mr. WANG Jianguo would be increased from approximately 29.44% to approximately 30.41%.

The Directors consider that such increase in shareholding may give rise to an obligation to make a mandatory offer under Rule 26 of the Takeovers Code.

The Directors do not propose to exercise the H Share Repurchase Mandate to such an extent as would, in the circumstances, give rise to an obligation to make a mandatory offer in accordance with Rule 26 of the Takeovers Code and/or result in the aggregate number of H Shares held by the public Shareholders falling below the prescribed minimum percentage required by the Hong Kong Stock Exchange.

Save as disclosed above, the Directors are not aware of any consequences which will arise under the Takeovers Code and/or any similar applicable law.

8. H SHARE REPURCHASE MADE BY THE COMPANY

During the six months prior to the Latest Practicable Date, the Company had not repurchased any of the Shares (whether on the Hong Kong Stock Exchange or otherwise).

NOTICE OF THE 2023 ANNUAL GENERAL MEETING



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)

NOTICE OF THE 2023 ANNUAL GENERAL MEETING

NOTICE IS HEREBY GIVEN that the 2023 annual general meeting (the “**AGM**”) of Huitongda Network Co., Ltd. (the “**Company**”) will be held at 2:00 p.m. on Tuesday, May 21, 2024 at the Conference Room, 6/F, Huitongda Building, 50 Zhongling Street, Xuanwu District, Nanjing, Jiangsu Province, the PRC for considering and, if thought fit, adopting the following resolutions:

ORDINARY RESOLUTIONS

1. To consider and approve the 2023 work report of the Board of the Company.
2. To consider and approve the 2023 work report of independent non-executive Directors of the Company.
3. To consider and approve the 2023 work report of the Board of Supervisors of the Company.
4. To consider and approve the 2023 final accounts report of the Company.
5. To consider and approve the 2024 financial budget report of the Company.
6. To consider and approve the 2023 profit distribution plan of the Company.
7. To consider and approve the 2024 development and investment plan of the Company.
8. To consider and approve the resolution on bank credit in 2024.
9. To consider and approve the resolution on provision of guarantee for the financing of subsidiaries in 2024.
10. To consider and approve the resolution on acquiring wealth management products with idle self-owned funds in 2024.
11. To consider and approve the resolution on the re-appointment of auditor for 2024.

NOTICE OF THE 2023 ANNUAL GENERAL MEETING

SPECIAL RESOLUTIONS

12. To consider and approve the proposed granting of a general mandate to the Board of the Company to issue H Shares.
13. To consider and approve the proposed granting of a general mandate to the Board of the Company to repurchase H Shares.

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

Nanjing, the PRC
April 29, 2024

NOTICE OF THE 2023 ANNUAL GENERAL MEETING

Notes:

1. The register of members of the Company will be closed from Thursday, May 16, 2024 to Tuesday, May 21, 2024 (both days inclusive) for determining the entitlement of Shareholders to attend and vote at the AGM. To be eligible to attend and vote at the AGM, all completed transfer documents together with the relevant Share certificates must be lodged with the Company's H Share Registrar, Computershare Hong Kong Investor Services Limited, at Shops 1712-1716, 17th Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong, not later than 4:30 p.m. on Tuesday, May 14, 2024 (for H Shareholders) or the registered office of the Company, at Huitongda Building, 50 Zhongling Street, Xuanwu District, Nanjing, Jiangsu Province, the PRC (for Domestic Shareholders). All Shareholders whose names appear on the register of members of the Company on Tuesday, May 21, 2024 are entitled to attend and vote at the AGM.

2. A Shareholder entitled to attend and vote at the AGM may appoint one or more proxies to attend and vote in his/her/its stead. The proxy need not be a shareholder of the Company but must attend the AGM in person to represent the relevant Shareholder.

The instrument appointing a proxy must be in writing under the hand of the Shareholder or his/her/its attorney duly authorized in writing. If the Shareholder is a corporation, that instrument must be executed either under its common seal or under the hand of its Director(s) or duly authorized attorney. If that instrument is signed by an attorney of the Shareholder, the power of attorney authorizing that attorney to sign or other authorization documents must be notarized.

In order to be valid, the proxy form together with the notarized power of attorney or other authorization documents (if any) must be deposited at the Company's H Share registrar, Computershare Hong Kong Investor Services Limited, at 17M Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong (for H Shareholders) or the registered office of the Company, at Huitongda Building, 50 Zhongling Street, Xuanwu District, Nanjing, Jiangsu Province, the PRC (for Domestic Shareholders) not less than 24 hours before the time fixed for holding the AGM (i.e. before 2:00 p.m. on Monday, May 20, 2024) or any adjournment thereof (as the case may be). Completion and return of the form of proxy will not preclude Shareholders from attending and voting in person at the AGM or any adjournment thereof should they so wish at that time.

3. If the attending Shareholder is a corporation, its legal representative shall present his or her ID card, a valid certificate proving his or her qualification as a legal representative and proof of shareholding; if a proxy is appointed to attend the meeting, such proxy shall present his or her ID card and a written power of attorney issued by the relevant Shareholder in accordance with law.
4. Pursuant to Rule 13.39(4) of the Listing Rules and Article 94 of the Articles of Association, subject to certain exceptions, all votes of the Shareholders at the general meetings must be taken by poll. Therefore, voting on the resolutions contained in the Notice of the 2023 Annual General Meeting will be conducted by poll.
5. The AGM is expected to last for half a day. Shareholders or their proxies attending the AGM (and any adjournment thereof) shall produce their identity documents. Shareholders or their proxies attending the AGM shall be responsible for their own traveling and accommodation expenses.
6. For details of the resolutions, please refer to the circular (the "**Circular**") of the Company dated April 29, 2024. Unless otherwise defined, capitalized terms used in this notice shall have the same meanings as defined in the Circular.

As at the date of this notice, the Board comprises the Chairman and non-executive Director, namely Mr. WANG Jianguo; the executive Directors, namely Mr. XU Xiuxian, Mr. ZHAO Liangsheng and Mr. SUN Chao; the non-executive Directors, namely Mr. CAI Zhongqiu and Mr. WANG Ran; and the independent non-executive Directors, namely Ms. YU Lixin, Mr. LIU Xiangdong and Mr. DIAO Yang.