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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)**

## **PROPOSED FORMULATION OF SHAREHOLDERS' DIVIDEND RETURN PLAN FOR THE NEXT THREE YEARS (2024-2026)**

The board (the “**Board**”) of directors (the “**Directors**”) of Huitongda Network Co., Ltd. (the “**Company**”) hereby announces that the Company has considered and approved, among other things, the resolution in relation to the formulation of Shareholders’ Dividend Return Plan for the Next Three Years (2024-2026) at the Board meeting held on July 8, 2024.

In order to improve and establish a scientific, long-term, stable and sustainable shareholders’ return mechanism of the Company, give guidance to investors to form a philosophy of long-term and rational investment, and enhance the sense of fulfillment and satisfaction of all shareholders of the Company (the “**Shareholder(s)**”), the Company intends to formulate the Shareholders’ Dividend Return Plan for the Next Three Years (2024-2026) of Huitongda Network Co., Ltd. (the “**Shareholders’ Dividend Return Plan for the Next Three Years (2024-2026)**”) in accordance with the Company Law of the People’s Republic of China, the Notice on Further Implementation of Matters Relating to Cash Dividends for Listed Companies (《關於進一步落實上市公司現金分紅有關事項的通知》) issued by the China Securities Regulatory Commission and other laws, regulations, regulatory documents as well as the relevant requirements of the articles of association of the Company. The details of the Shareholders’ Dividend Return Plan for the Next Three Years (2024-2026) are set out in the appendix to this announcement.

The Board agrees to propose the resolution in relation to the formulation of Shareholders’ Dividend Return Plan for the Next Three Years (2024-2026) to the forthcoming general meeting of the Company (the “**General Meeting**”) to be held in due course for consideration and approval by way of special resolution.

A circular containing, among other things, further details of the Shareholders' Dividend Return Plan for the Next Three Years (2024-2026) together with a notice of the General Meeting will be despatched to the Shareholders in due course.

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

Nanjing, the People's Republic of China  
July 8, 2024

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

## APPENDIX SHAREHOLDERS' DIVIDEND RETURN PLAN FOR THE NEXT THREE YEARS (2024-2026)

### I. BACKGROUND OF THE FORMULATION OF THE SHAREHOLDERS' DIVIDEND RETURN PLAN FOR THE NEXT THREE YEARS (2024-2026) (THE "PLAN" OR THE "SHAREHOLDERS' DIVIDEND RETURN PLAN")

1. On April 4, 2024, the State Council issued the Opinions on Strengthening Supervision and Prevention of Risks and Promoting the High-quality Development of the Capital Market (the "New National Nine Opinions"), which encouraged and guided listed companies to pay attention to cash dividends, and to enhance the stability, sustainability and predictability of dividend distribution to actively reward shareholders.
2. Huitongda Network Co., Ltd. (the "Company" or "Huitongda") continues to improve the quality of corporate development, strengthens performance appraisal and awards, and rewards shareholders for their support and love by way of dividend distribution. Sharing the Company's long-term development results with the investors is an important part of Huitongda's core values, and is also the responsibility and glorious mission of the Company's management.
3. Prior to the listing of the Company, the interest expenses arising from the redeemable capital injection according to international accounting standards resulted in negative book value of undistributed profits of the parent company, making it impossible to implement cash dividends. The new Company Law of the People's Republic of China is formally implemented on July 1, 2024. According to the relevant provisions, when using reserves to make up for the company's losses, discretionary reserves and statutory reserves should be used first; if the losses still cannot be made up, capital reserves can be used in accordance with regulations. As of December 31, 2023, the book value of capital reserve available to make up for losses of the parent company is RMB9,218.139 million, which can fully cover the loss amount of the Company's book undistributed profits, and has a legal basis for dividend distribution to shareholders.
4. Upon the listing of the Company, after nearly two years of industrial upgrading and structural optimization, the unique development model of "service + transaction", "online + offline" and "platform + member store" has been fully formed and covered 24 thousand townships in 21 provinces in China. The strategy of upgrading and developing the second growth curve of the future industry is being steadily promoted, and it is foreseeable that the Company's ability of sustained profitability in the future will be significantly improved. In addition, in recent years, the Company's financial management has remained reasonable and stable, with a positive inflow of cash flow from operations in the past five consecutive years, an ever-optimising profit structure, and a good balance of currency funds. The funds required for the future development and capital expenditure of the Company were highly guaranteed, and the financial risks were controllable.

## **II. BASIC PRINCIPLES FOR THE FORMULATION OF THE PLAN**

The Company will, on the premise of complying with relevant laws and regulations, focus on long-term and sustainable development, and formulate Shareholders' Dividend Return Plan by taking into account the Company's actual production and operation, development objectives, shareholders' wishes, social capital costs, external financing environment and other factors. The Company will fully consider and listen to the requirements and wishes of shareholders, especially minority shareholders, and implement a sustainable and stable profit distribution policy. The Company's profit distribution shall pay full attention to reasonable investment returns to investors, while taking into account the overall interests of all shareholders as well as the long-term interests and sustainable development of the Company. The distribution of profits shall be based on the profits available for distribution to the shareholders in the statements of the parent company of the Company, and shall be distributed in accordance with the legal order and adhere to the following five principles:

1. The principle of the shares with equal rights and entitlement to the dividends;
2. The principle of prioritising business development;
3. The principle of controllable financial risks;
4. The principle of clear dividend expectation; and
5. The principle of legality, compliance and reasonableness.

## **III. CYCLE OF THE FORMULATION OF THE SHAREHOLDERS' DIVIDEND RETURN PLAN**

The Company shall review and formulate the Shareholders' Dividend Return Plan at least once every three years, and make appropriate and necessary amendments to the shareholders' dividend plan of the Company for the future period.

## **IV. SPECIFIC SHAREHOLDERS' DIVIDEND RETURN PLAN FOR THE NEXT THREE YEARS (2024-2026)**

### **1. Annual Dividend Plan:**

In the next three years (2024-2026), after making full allocation for the statutory and discretionary reserve fund, under the premise of retaining funds required for its normal operation and strategic development and having sufficient cash for dividend payment, cash dividends to be distributed by the Company each year shall not be less than 15% of the distributable profit realized for the year. Provided that there is sufficient cash for dividend distribution, the Company may otherwise make profit distributions by distributing bonus shares.

## 2. **Special Dividend Plan:**

In the next three years (2024-2026), if the profitability of the Company maintains rapid growth and the net profit attributable to the parent company achieves a year-on-year increase of over 60% for two consecutive years, the Company will commence a special cash dividend plan for the current year to further enhance shareholders' dividend returns. Specific dividend plan and amount are subject to the consideration by the Board meeting and the annual general meeting. In addition to the implementation of the annual dividend plan mentioned above, the Company may also implement additional special dividend plans based on the actual situation, including but not limited to shares, dividend distribution and capital reserve conversion plans.

## 3. **Safeguard Corporate Value and Shareholders' Interests:**

When the Board considers that there is a significant deviation between the decline in the share price in the secondary market and the actual value of the Company, it will perform the relevant decision-making procedures on the basis of satisfying the listing conditions and initiate a share repurchase plan at the appropriate time to maintain the market value of the Company. For share repurchases conducted under the above circumstance in accordance with the law, the actual amount of shares repurchased during the relevant year will be included in the Company's cash dividend for that year with reference to the relevant regulations for aggregate calculation.

## V. **CONDITIONS FOR CASH DIVIDEND**

The following conditions must be met at the same time when the Company implements cash dividends:

1. The distributable profit (i.e. the remaining profit after tax after making up for losses, and allocation for the statutory and discretionary reserve fund) realized by the Company for the current year is positive and the cash flow is sufficient. The implementation of cash dividends will not affect the Company's subsequent normal operation;
2. The cumulative distributable profit of the parent company is positive and is enough to satisfy cash dividends. If the cumulative distributable profit of the parent company is less than 15% of the distributable profit realized for the year, the Company shall be entitled to make corresponding adjustments to the dividend plan for the year based on the actual distributable profit;
3. The audit firm has issued a standard audit report with unqualified opinions on the Company's financial report for the year; and
4. Other conditions in relation to the implementation of cash dividends as stipulated in the articles of association of Huitongda Network Co., Ltd. (the "**Articles of Association**").

## **VI. DECISION-MAKING MECHANISM FOR THE SHAREHOLDERS' DIVIDEND RETURN PLAN AND PROFIT DISTRIBUTION PLAN**

1. After fully considering the Company's operating conditions, development objectives and capital needs, and listening to the opinions of the shareholders and the supervisors of the Company, the Company formulates a Shareholders' Dividend Return Plan for the next three years and submits it to the Board and the board of supervisors of the Company (the "**Board of Supervisors**") for consideration. The Plan shall be submitted to the general meeting for consideration after being considered and approved by the Board and the Board of Supervisors.
2. For the consideration of Shareholders' Dividend Return Plan at the general meeting, the Company shall provide on-site voting and other methods to facilitate shareholders' participation in voting at the general meeting.
3. The Board shall, in combination with the data in the current financial statements, and taking into full consideration the Company's current profit scale, cash flow position, development stage and capital use needs, formulate a specific shareholder dividend plan, including but not limited to annual, interim or special dividend plan, which will be implemented after being considered and approved at the general meeting of the Company.
4. In the profit distribution plan proposed by the Board, if no cash dividend plan is made or the proportion of cash dividends is lower than the level stipulated in the Articles of Association, the reasons for the non-distribution of cash dividends or the low ratio of cash dividend distribution and the use of undistributed profit retained in the Company and relevant plan for use shall be disclosed in the periodic report.
5. The independent non-executive Directors are entitled to express independent opinions on the specific cash dividend plan when they are of the view that the plan may harm the interests of the Company and the Shareholders, otherwise they may directly approve the cash dividend plan.
6. After the profit distribution plan being considered and approved at the Company's general meeting, the Board shall complete the distribution of dividends (or shares) within two months after the general meeting.

## **VII. ADJUSTMENT MECHANISM OF THE SHAREHOLDERS' DIVIDEND RETURN PLAN**

1. The Company may make adjustments to the Plan when its operation has been materially affected by changes in the external environment or force majeure or there are significant changes in its own operation conditions. The adjusted Shareholders' Dividend Return Plan shall not violate the laws, regulations and the Articles of Association.
2. When the Company adjusts the specific cash dividend plan, the management shall give a detailed explanation for the adjustment, and a written report shall be submitted to the Board and the Board of Supervisors for consideration.

3. After the amendments to the Shareholders' Dividend Return Plan being considered and approved by the Board and the Board of Supervisors, it shall be submitted to the general meeting for consideration. The Company shall provide on-site voting and other methods to facilitate shareholders' participation in voting at the general meeting. The Company shall continue to implement the revised Shareholders' Dividend Return Plan after the resolution on the amendments to the plan is considered and approved at the general meeting.

## **VIII. OTHERS**

1. Any matters not stated in the Plan shall be executed in accordance with relevant laws, regulations, regulatory documents and the Articles of Association.
2. The Plan shall be interpreted by the Board, and shall come into effect and be implemented from the date of consideration and approval at the general meeting.