Huitongda Network Co., Ltd.
匯通達網絡股份有限公司
(A joint stock limited liability company incorporated in the People's Republic of China)
(Stock Code: 9878)

PROPOSED FURTHER CHANGE IN THE USE OF PROCEEDS FROM THE INITIAL PUBLIC OFFERING OF H SHARES

References are made to (i) the prospectus of Huitongda Network Co., Ltd. (the "**Company**", together with its subsidiaries, the "**Group**") dated January 31, 2022 (the "**Prospectus**") in relation to the listing of H shares of the Company (the "**H Shares**") on the Main Board of The Stock Exchange of Hong Kong Limited (the "**Hong Kong Stock Exchange**") and the global offering (the "**Global Offering**"); (ii) the announcement of the Company dated February 17, 2022 in relation to the offer price and allotment results of the Global Offering; (iii) the announcement of the Company dated March 13, 2022 in relation to the partial exercise of the over-allotment option; and (iv) the announcement of the Company dated October 17, 2023 (the "**Announcement**") and the circular of the Company dated October 24, 2023 (the "**Circular**"), in relation to, among others, change in the use of proceeds from the initial public offering of H Shares. Unless the context otherwise requires, the terms used in this announcement shall have the same meanings as those defined in the Prospectus.

USE OF PROCEEDS FROM THE INITIAL PUBLIC OFFERING OF H SHARES AS PREVIOUSLY CHANGED

As stated in the Announcement and the Circular, after deduction of underwriting fees and other related expenses, the aggregate net proceeds of the Global Offering (including the issue of H Shares upon partial exercise of the over-allotment option referred to in the Prospectus) amounted to approximately HK$2,185.0 million (equivalent to approximately RMB1,782.3 million) (the "**Proceeds from the Initial Public Offering of H Shares**"). As approved by the 2023 second extraordinary general meeting of the Company held on November 14, 2023 (the "**2023 Second EGM**"), the Company has made certain changes to the use of unutilized proceeds of approximately RMB993.3 million from the Proceeds from the Initial Public Offering of H Shares as of September 30, 2023, and the allocation of the use of proceeds after such changes is set out below.

As of December 31, 2024, the Company had utilised approximately RMB1,145.0 million of the Proceeds from the Initial Public Offering of H Shares in total in accordance with the intended use set out in the Prospectus and the adjusted use approved by the 2023 Second EGM, with the unused portion of the proceeds amounting to approximately RMB637.3 million. Details are set out below:

Use of proceeds	Itemized use		Total amount *(RMB in millions)*	Used amount as of December 31, 2024 *(RMB in millions)*	Unused amount as of December 31, 2024 *(RMB in millions)*
Enhancing relationships with our existing customers and further expanding our customer base	(1)	Digitalizing our member retail stores and upgrading their storefronts	28.2	7.5	20.7
	(2)	Offering solutions to certain wholesalers	278.2	102.9	175.3
	(3)	Strategically expanding into northern and southern regions of China where there is great potential for further development	59.1	14.4	44.7
	(4)	Expanding client managers team network with more digitalized solutions	169.1	91.9	77.2
		Sub-total	**534.7**	**216.7**	**318.0**
Optimizing the capability and efficiency of the supply chain	(1)	Increasing spending on joint product R&D with our industry partners, brand licensing and tailored manufacturing	417.3	267.3	150.0
	(2)	Improving the digitalization and automation of order and fulfillment management systems	88.2	85.5	2.7
		Sub-total	**505.6**	**352.8**	**152.7**
Increasing investment in the IT infrastructure of our platform and enhancing SaaS+ business monetization capability	(1)	Acquiring IT talents for developing SaaS+ business and merchant solutions	28.2	23.6	4.6
	(2)	Upgrading data infrastructure and enhancing data analysis capabilities	69.1	51.7	17.4
	(3)	Continuously upgrading transaction and marketplace technology and infrastructure	59.1	35.8	23.3
		Sub-total	**156.5**	**111.1**	**45.4**
Selectively pursuing strategic alliances, investments, or acquisitions	(1)	Brand manufacturers within each merchandise segment	149.1	149.1	–
	(2)	Third-party SaaS technology and service providers	29.1	0.7	28.4
	(3)	Third-party operators within the industry value chain	89.1	89.1	–
		Sub-total	**267.3**	**238.9**	**28.4**
Working capital	–		318.2	225.5	92.7
Total			**1,782.3**	**1,145.0**	**637.3**

Note: Any discrepancies in the above table between total and sum of amounts listed therein are due to rounding.

PROPOSED FURTHER CHANGE IN THE USE OF PROCEEDS FROM THE INITIAL PUBLIC OFFERING OF H SHARES

The Board proposes to make further adjustments as follows to the intended use of the Proceeds from the Initial Public Offering of H Shares (the "**Proposed Further Change in the Use of Proceeds from the Initial Public Offering of H Shares**") to further improve the efficiency of the use of raised funds, reduce financial costs, and accelerate the integration of various business resources, and in line with the strategic development plans for 2025 of the Group :

Use of proceeds	Itemized use	Total amount before the change *(RMB in millions)*	Unused amount as of December 31, 2024 *(RMB in millions)*	Amount to be adjusted *(RMB in millions)*	Particulars of the proposed adjustment	Total amount after the change *(RMB in millions)*	Unused amount after the change *(RMB in millions)*	Expected timeline of the remaining unused amount
Enhancing relationships with our existing customers and further expanding our customer base	(1) Digitalizing our member retail stores and upgrading their storefronts	28.2	20.7	(20.7)	RMB20.7 million is adjusted to be used for "brand manufacturers within each merchandise segment" under "selectively pursuing strategic alliances, investments, or acquisitions".	7.5	0	–
	(2) Offering solutions to certain wholesalers	278.2	175.3	(175.3)	RMB175.3 million is adjusted to be used for "brand manufacturers within each merchandise segment" under "selectively pursuing strategic alliances, investments, or acquisitions".	102.9	0	–
	(3) Strategically expanding into northern and southern regions of China where there is great potential for further development	59.1	44.7	(44.7)	RMB44.7 million is adjusted to be used for "brand manufacturers within each merchandise segment" under "selectively pursuing strategic alliances, investments, or acquisitions".	14.4	0	–
	(4) Expanding client managers team network with more digitalized solutions	169.1	77.2	(77.2)	(1) RMB27.5 million is adjusted to be used for "brand manufacturers within each merchandise segment" under "selectively pursuing strategic alliances, investments, or acquisitions"; and (2) RMB49.7 million is adjusted to be used for "third-party operators within the industry value chain" under "selectively pursuing strategic alliances, investments, or acquisitions".	91.9	0	–
	Sub-total	**534.7**	**318.0**	**(318.0)**		**216.7**	**0**	

Use of proceeds	Itemized use	Total amount before the change *(RMB in millions)*	Unused amount as of December 31, 2024 *(RMB in millions)*	Amount to be adjusted *(RMB in millions)*	Particulars of the proposed adjustment	Total amount after the change *(RMB in millions)*	Unused amount after the change *(RMB in millions)*	Expected timeline of the remaining unused amount
Optimizing the capability and efficiency of the supply chain	(1) Increasing spending on joint product R&D with our industry partners, brand licensing and tailored manufacturing	417.3	150.0	(150.0)	RMB150.0 million is adjusted to be used for "third-party operators within the industry value chain" under "selectively pursuing strategic alliances, investments, or acquisitions".	267.3	0	–
	(2) Improving the digitalization and automation of order and fulfillment management systems	88.2	2.7	–	–	88.2	2.7	By June 30, 2025
	Sub-total	**505.6**	**152.7**	**(150.0)**		**355.6**	**2.7**	
Increasing investment in the IT infrastructure of our platform and enhancing SaaS+ business monetization capability	(1) Acquiring IT talents for developing SaaS+ business and merchant solutions	28.2	4.6	(2.6)	RMB2.6 million is adjusted to be used for "third-party operators within the industry value chain" under "selectively pursuing strategic alliances, investments, or acquisitions".	25.6	2.0	By June 30, 2025
	(2) Upgrading data infrastructure and enhancing data analysis capabilities	69.1	17.4	(15.1)	RMB15.1 million is adjusted to be used for "third-party operators within the industry value chain" under "selectively pursuing strategic alliances, investments, or acquisitions".	54.0	2.3	By June 30, 2025
	(3) Continuously upgrading transaction and marketplace technology and infrastructure	59.1	23.3	(18.4)	RMB18.4 million is adjusted to be used for "third-party operators within the industry value chain" under "selectively pursuing strategic alliances, investments, or acquisitions".	40.8	5.0	By June 30, 2025
	Sub-total	**156.5**	**45.4**	**(36.1)**		**120.3**	**9.3**	

Use of proceeds	Itemized use	Total amount before the change *(RMB in millions)*	Unused amount as of December 31, 2024 *(RMB in millions)*	Amount to be adjusted *(RMB in millions)*	Particulars of the proposed adjustment	Total amount after the change *(RMB in millions)*	Unused amount after the change *(RMB in millions)*	Expected timeline of the remaining unused amount
Selectively pursuing strategic alliances, investments, or acquisitions	(1) Brand manufacturers within each merchandise segment	149.1	–	268.3	(1) RMB28.4 million under "third-party SaaS technology and service	417.4	268.3	By December 31, 2025
	(2) Third-party SaaS technology and service providers	29.1	28.4	(28.4)	providers" is adjusted to "third-party operators within the industry value	0.7	0	–
	(3) Third-party operators within the industry value chain	89.1	–	264.3	chain"; and (2) Flexible adjustment are made to the investment subjects, cooperative objects of investment, investment methods, investment direction and amount in respect to the use of proceeds.	353.4	264.3	By December 31, 2025
	Sub-total	**267.3**	**28.4**	**504.1**		**771.5**	**532.6**	By December 31, 2025
Working capital	–	318.2	92.7	–	–	318.2	92.7	By December 31, 2025
Total		**1,782.3**	**637.3**			**1,782.3**	**637.3**	

Note: Any discrepancies in the above table between total and sum of amounts listed therein are due to rounding.

Other surplus income such as interest income and foreign exchange gains arising from the Proceeds from the Initial Public Offering of H Shares will be invested into the Group's ordinary activities.

Save for the above changes, there is no other change in the intended use of the Proceeds from the Initial Public Offering of H Shares.

REASONS AND BENEFITS OF THE PROPOSED FURTHER CHANGE IN THE USE OF PROCEEDS FROM THE INITIAL PUBLIC OFFERING OF H SHARES

The current adjustment is mainly to increase the available amount of "brand manufacturers within each merchandise segment" and "third-party operators within the industry value chain" under "selectively pursuing strategic alliances, investments, or acquisitions". In 2025, the Group will closely follow the guiding principle of "industrial upgrading", firmly promote the integration of production and marketing, and the construction of own brands, deepen the cooperation with leading brands, and moderately pilot new industry development; as well as continue to promote the construction of rural service-oriented outlets, so as to give full play to the brand influence as a listed company; and flexibly employ various methods such as formation of joint ventures with a majority interest, industrial mergers and acquisitions, and industrial ecological investment to enhance the core competitiveness of the Group, increase the Group's profits and cultivate new growth momentum, facilitating the sustainable and high-quality growth of the Group. Based on the above strategic goals, the Company intends to transfer the available balance of certain items to "selectively pursuing strategic alliances, investments, or acquisitions".

The Group focuses on improving supply chain capabilities, continuously strengthening supply chain management and construction, and enhancing the control and service capabilities of the industry chain. With the rapid development of the Group, the R&D system and capabilities are continuously improving, gradually decreasing the dependence on third-party SaaS technology and service providers. Therefore, the Company intends to make internal adjustments to the itemized use under the use of proceeds for "selectively pursuing strategic alliances, investments, or acquisitions", transferring RMB28.4 million under "third-party SaaS technology and service providers" to "third-party operators within the industry value chain".

IMPACT OF THE PROPOSED FURTHER CHANGE IN THE USE OF PROCEEDS FROM THE INITIAL PUBLIC OFFERING OF H SHARES ON THE COMPANY

The Company, based on the principle of prudence, proposes to further change the use of the Proceeds from the Initial Public Offering of H Shares. Such proposed change is in line with the Group's future strategic plan, and will be conducive to improving the efficiency of the use of funds, enhancing the core capabilities of the Group, fostering new growth momentum and promoting the sustainable and high-quality growth of the Group.

The Board confirms that there is no material change in the business nature of the Group as set out in the Prospectus, and considers that the Proposed Further Change in the Use of Proceeds from the Initial Public Offering of H Shares will not have any material adverse impact on the operations of the Group and is in the best interests of the Company and the Shareholders as a whole.

GENERAL

The Proposed Further Change in the Use of Proceeds from the Initial Public Offering of H Shares shall be subject to the consideration and approval by the Shareholders at the general meeting of the Company by way of an ordinary resolution. A circular containing, among other things, details of the Proposed Further Change in the Use of Proceeds from the Initial Public Offering of H Shares, together with a notice of the general meeting of the Company, will be dispatched to the Shareholders in due course.

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

Nanjing, the PRC
February 24, 2025

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.