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NEWLINK TECHNOLOGY INC.

新紐科技有限公司*

(Incorporated in the Cayman Islands with limited liability)

(Stock code: 9600)

CHANGE OF USE OF PROCEEDS FROM THE GLOBAL OFFERING

References are made to (i) the prospectus of Newlink Technology Inc. (the “**Company**” and together with its subsidiaries, the “**Group**”) dated 21 December 2020 (the “**Prospectus**”) in relation to the proposed use of the net proceeds to the Company from the Global Offering (the “**IPO Proceeds**”); (ii) the announcement of the Company dated 20 June 2022 (the “**Announcement**”) in relation to the change in use of the IPO Proceeds; and (iii) the interim report of the Group for the six months ended 30 June 2024 (the “**Interim Report**”) in relation to the utilization of the IPO Proceeds and the unutilized amount (“**Unutilized IPO Proceeds**”) from the Listing Date up to 30 June 2024. Unless otherwise defined, capitalised terms used in this announcement shall have the same meanings as defined in the Prospectus, the Announcement and the Interim Report.

FIRST RE-ALLOCATION OF USE OF IPO PROCEEDS

After deducting the underwriting fees, commissions and other related costs and expenses, the net proceeds from the Global Offering of the Company amounted to approximately HK\$790.4 million (with a surplus of HK\$140.3 million). As disclosed in the Announcement, the Board has resolved to reallocate not more than HK\$71.0 million of the surplus to pay the equity transfer consideration (the “**First Re-allocation**”). For further details, please refer to the announcement of the Company dated 20 June 2022.

FURTHER RE-ALLOCATION OF USE OF IPO PROCEEDS

According to the Interim Report, the Unutilized IPO Proceeds amounted to approximately HK\$208.7 million as at 30 June 2024. Among the Unutilized IPO Proceeds, (i) the unutilized amount for developing new solutions and upgrading existing solutions was HK\$187.0 million, HK\$51.7 million of which was intended to develop and upgrade the Group's medical quality control and safety warning system, HK\$64.9 million of which was intended to develop the Group's clinical pathway management system, HK\$32.9 million of which was intended to develop the Group's telemedicine system, HK\$19.6 million of which was intended to develop a new solution of intelligent healthcare platform and HK\$17.9 million of which was intended to upgrade the Group's RPA solution; and (ii) the unutilized amount for enhancing the Group's sales and marketing efforts was HK\$21.7 million.

Having considered the reasons of (i) the originally planned use of the IPO Proceeds disclosed in the Prospectus for developing new solutions and upgrading existing solutions, including (a) the development and upgrade of the Group's medical quality control and safety warning system, (b) the development of the Group's clinical pathway management system, (c) the development of Group's telemedicine system, (d) the development of a new solution of intelligent healthcare platform, and (e) the upgrade the Group's RPA solution are all mature and relatively complete, with expected future investment funds to be reduced; (ii) the Group needs to increase investment in R&D to maintain and expand the Group's competitive advantage of relevant products and services in the field of IT solution services for the financial industry and to accelerate the implementation in a broader regional market and industry fields; and (iii) further supplement working capital and other general corporate purposes to ensure the Group's business development needs.

After due and careful consideration on the prevailing business environment and development needs of the Group, the board of the directors of the Company (the "**Board**") has resolved on the date of this announcement to change the use of the Unutilized IPO Proceeds in the following manners (the "**Further Re-allocation**"):

- (i) reallocating the unutilized surplus of approximately HK\$49.2 million for working capital and other general corporate purposes; and
- (ii) building on the Group's long-standing accumulated capabilities in independent research and development, capabilities in technological innovation, industry insights and customer needs, the Company will further enhance the original plan for developing new solutions and upgrading existing solutions by increasing the related investment plans for the development of innovative universal products and the development of innovative financial products, and will further reallocate the original plan of IPO Proceeds for developing new solutions and upgrading existing solutions:
 - (a) approximately HK\$38.9 million will be utilized to develop innovative universal products; and
 - (b) approximately HK\$20.0 million will be utilized to develop innovative financial products.

The following table sets out the details of the IPO Proceeds originally raised, the First Re-allocation, Unutilized IPO Proceeds as of the dates indicated and the Further Re-allocation of Unutilized IPO Proceeds:

	Original allocation of the IPO Proceeds (approximate)		Allocation of IPO Proceeds after the First Re-allocation (approximate)		Unutilized IPO Proceeds as at 30 June 2024 (approximate)	Further Re-allocation of the Unutilized IPO Proceeds as disclosed in this announcement (approximate)		Expected timeline for the use of Unutilized IPO Proceeds after Re-allocation ⁽¹⁾
	Percentage	Amount	Percentage	Amount	HK\$ million	Percentage	Amount	
		HK\$ million		HK\$ million			HK\$ million	
For developing new solutions and upgrading existing solutions	80.0%	632.3	72.8%	575.5	187.0	69.4%	144.8	By December 2025
– to develop and upgrade the Group’s medical quality control and safety warning system	20.0%	158.1	18.2%	143.9	51.7	11.7%	24.4	
– to develop the Group’s clinical pathway management system	20.0%	158.1	18.2%	143.9	64.9	11.6%	24.2	
– to develop the Group’s telemedicine system	10.0%	79.0	9.1%	71.9	32.9	3.5%	7.3	
– to develop a new solution of intelligent healthcare platform	10.0%	79.0	9.1%	71.9	19.6	6.1%	12.7	
– to upgrade the Group’s RPA solution	20.0%	158.1	18.2%	143.9	17.9	8.3%	17.3	
– to develop innovative universal products	–	–	–	–	–	18.6%	38.9	
– to develop innovative financial products	–	–	–	–	–	9.6%	20.0	
For enhancing the Group’s sales and marketing efforts	10.0%	79.1	9.1%	72.0	21.7	7.0%	14.7	By December 2025
For working capital and other general corporate purposes	10.0%	79.0	9.1%	71.9	–	23.6%	49.2	By December 2027
Funds proposed to be used for the Neusoft Yuetong Acquisition	–	–	9.0%	71.0	–	–	–	
Total	100.0%	790.4	100.0%	790.4	208.7	100.0%	208.7	

Notes:

- (1) Due to the Further Re-allocation, the Company expects the Unutilized IPO Proceeds will be fully utilized by December 2025 except for the Unutilized IPO Proceeds re-allocated for working capital and other general corporate purposes, which are expected to be fully utilized by December 2027. The expected timeline for utilizing the unutilized funds is based on the best estimation of the future market condition made by the Group. It may be subject to change based on the current and future development of market conditions.
- (2) Any discrepancy arising in the decimal figures in the table above is due to the effect of rounded figures.
- (3) The utilization of IPO Proceeds for developing new solutions and upgrading existing solutions after the Further Re-allocation still includes the balance of the relevant unutilized IPO Proceeds of approximately HK\$63.2 million originally planned for office lease, purchase and renovation for IT solutions as disclosed in the Prospectus.

The Board is of the view that the Further Re-allocation of Unutilized IPO Proceeds as set out above is in line with the business strategies of the Group and will enhance the efficiency of utilizing the IPO Proceeds in the future. The Board believes that such change of use of Unutilized IPO Proceeds is fair and reasonable and will not have any material adverse effect on the Group's existing businesses, operations and the on-schedule progress of projects originally planned to be funded by the proceeds, and is in the best interests of the Company and its shareholders as a whole.

By Order of the Board
Newlink Technology Inc.
ZHAI Shuchun

Chairman of the Board and Chief Executive Officer

Beijing, the PRC, 23 September 2024

As at the date of this announcement, the executive Directors are Mr. ZHAI Shuchun, Ms. QIN Yi and Mr. LI Xiaodong; and the independent non-executive Directors are Mr. TANG Baoqi, Ms. YANG Juan and Mr. YOU Linfeng.

* *For identification purposes only*