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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)

**CONNECTED TRANSACTION
ENTERING INTO OF THE COMPENSATION AGREEMENT**

THE COMPENSATION AGREEMENT

On 31 December 2024 (after trading hours), Neusoft Yuetong, Mr. Tian, Neusoft Venture Capital and Newlink Technology entered into the Compensation Agreement, pursuant to which, Mr. Tian and Neusoft Venture Capital have agreed to compensate Neusoft Yuetong with an aggregate amount of RMB4,634,067.94.

LISTING RULES IMPLICATIONS

As at the date of this announcement, Neusoft Yuetong is a significant subsidiary of the Company. Mr. Tian holds 11.8585% equity interests in Neusoft Yuetong, and is a director and the general manager of Neusoft Yuetong. Neusoft Venture Capital is a substantial shareholder of Neusoft Yuetong holding 14.7601% equity interests in Neusoft Yuetong. Accordingly, Mr. Tian and Neusoft Venture Capital are connected persons of the Company at the subsidiary level under the Listing Rules. As such, the entering into of the Compensation Agreement and the transaction contemplated thereunder constitute a connected transaction of the Company under Chapter 14A of the Listing Rules.

As one or more of the applicable percentage ratios in respect of the transaction contemplated under the Compensation Agreement exceed 1% but all are less than 5%, the entering into of the Compensation Agreement and the transaction contemplated thereunder is subject to the reporting and announcement requirements but is exempted from the circular, independent financial advice and independent Shareholders' approval requirements under Chapter 14A of the Listing Rules.

I. BACKGROUND

On 20 June 2022, Newlink Technology, the Sellers (as defined under the Equity Transfer and Capital Increase Agreement) and Neusoft Yuetong entered into the Equity Transfer and Capital Increase Agreement, pursuant to which, Newlink Technology has conditionally agreed to purchase and the Sellers have conditionally agreed to sell 100% equity interest in Neusoft Yuetong and Newlink Technology has conditionally agreed to make a capital increase to Neusoft Yuetong. As at the date of this announcement, Newlink Technology, Neusoft Venture Capital and Mr. Tian hold 72.5883%, 14.7601% and 11.8585% equity interests in Neusoft Yuetong, respectively. For details, please refer to the announcement of the Company dated 20 June 2022.

On 31 December 2024 (after trading hours), Neusoft Yuetong, Mr. Tian, Neusoft Venture Capital and Newlink Technology entered into the Compensation Agreement, pursuant to which, Mr. Tian and Neusoft Venture Capital have agreed to compensate Neusoft Yuetong with an aggregate amount of RMB4,634,067.94. The signing of the Compensation Agreement is primarily due to dispute (the “**Dispute**”) between Neusoft Yuetong and an independent third party customer regarding the Technology Service Contract. The Dispute arose prior to the signing of the Equity Transfer and Capital Increase Agreement and mainly concerns Neusoft Yuetong pursuing the recovery of service payments from the independent third party customer. Despite Neusoft Yuetong has taken legal action, it remains possible that revenue of RMB4,634,067.94 recognized under the Technology Service Contract may not be recovered as a result of the Dispute. Therefore, Mr. Tian and Neusoft Venture Capital, as the parties responsible for Neusoft Yuetong’s operations and decisions at the time of the signing and performance of the Technology Service Contract, have agreed to compensate for the actual loss that may be incurred in relation to the Technology Service Contract.

II. THE COMPENSATION AGREEMENT

The principal terms of the Compensation Agreement are summarised as follows:

Date: 31 December 2024

Parties:

- (1) Neusoft Yuetong;
- (2) Mr. Tian;
- (3) Neusoft Venture Capital; and
- (4) Newlink Technology

Subject Matter: Mr. Tian and Neusoft Venture Capital agreed to compensate Neusoft Yuetong for the possible actual losses that may arise from the Technology Service Contract with an aggregate amount of RMB4,634,067.94 (inclusive value-added tax). Of this amount, Mr. Tian shall bear 46.153848% and Neusoft Venture Capital shall bear 53.846152%.

The above compensation amount was determined through arm's length negotiations among the parties, taking into account the potential losses arising from the Dispute over the Technology Service Contract as stated in the section headed "Background" above.

Each party shall bear all taxes payable in accordance with the relevant laws and regulations.

Payment

Arrangement:

- (1) Mr. Tian and Neusoft Venture Capital will pay 5% of the compensation, amounting to RMB231,703.40 (inclusive value-added tax) in total, to Neusoft Yuetong within 10 working days after the Compensation Agreement becoming effective. Mr. Tian and Neusoft Venture Capital will pay RMB106,940.04 and RMB124,763.36, respectively.
- (2) Newlink Technology shall, upon the payment of the second instalment of the equity transfer consideration stipulated under the Equity Transfer and Capital Increase Agreement pursuant to the Equity Transfer and Capital Increase Agreement and the Compensation Agreement, deduct therefrom the remaining 95% of the compensation amount due by Mr. Tian and Neusoft Venture Capital as agreed under the Compensation Agreement, amounting to a total of RMB4,402,364.54 (inclusive value-added tax), with Mr. Tian's and Neusoft Venture Capital's shares being reduced by RMB2,031,860.64 and RMB2,370,503.90, respectively. In the event that the second instalment of the equity transfer consideration actually paid by Newlink Technology to Mr. Tian and Neusoft Venture Capital under the Equity Transfer and Capital Increase Agreement is insufficient to fully deduct the remaining 95% of the compensation amount payable by Mr. Tian and Neusoft Venture Capital, Mr. Tian and Neusoft Venture Capital shall settle the outstanding compensation balance with Neusoft Yuetong in accordance with the aforementioned proportions no later than 31 July 2025.
- (3) The parties to the Compensation Agreement confirmed that all amounts recovered by Neusoft Yuetong in connection to the Technology Service Contract, including but not limited to contract receivables, penalty interest, liquidated damages, performance bonds and proceeds from the collateral realization, shall be first used to reimburse Mr. Tian and Neusoft Venture Capital for the compensation amounts they have actually paid to Neusoft Yuetong. Any remaining amounts (if any) shall belong entirely to Neusoft Yuetong. In the event that Neusoft Yuetong fails to recover any amounts under the Technology Service Contract, Neusoft Yuetong shall not be obligated to make any payments to Mr. Tian and Neusoft Venture Capital.

Effectiveness : The Compensation Agreement shall take effect on the date on which it is signed (or sealed) by natural persons or signed and sealed by the legal representatives or authorized representatives of each party.

III. REASONS FOR AND BENEFITS OF ENTERING INTO THE COMPENSATION AGREEMENT

The execution of the Compensation Agreement aims to prevent losses arising from the Dispute over the Technology Service Contract. Through the compensation arrangement with Mr. Tian and Neusoft Venture Capital, it will further protect the interests of the Company and its Shareholders as a whole.

As such, the Directors (including the independent non-executive Directors) are of the view that the Compensation Agreement was entered into on normal commercial terms, and although the transaction contemplated thereunder is not in the ordinary and usual course of business of the Company, the terms and conditions therein are fair and reasonable and in the interests of the Company and its Shareholders as a whole.

IV. INFORMATION OF THE PARTIES INVOLVED

Neusoft Yuetong

Neusoft Yuetong is a company established in the PRC with limited liability on 23 July 2009 and a service provider offering IT solutions to customers in finance and other industries. It is primarily engaged in offering SaaS platform services to financial institutions, and IT value-added services and tailored technical services to customers in transportation, logistics and other industries. As at the date of this Announcement, Newlink Technology holds 72.5883% equity interest in Neusoft Yuetong, being its controlling shareholder.

Neusoft Venture Capital and Mr. Tian

Neusoft Venture Capital is a company established under the laws of the PRC with limited liability. It is primarily engaged in investment, investment management and services for small and medium-sized enterprises mainly involved in information technology business. As at the date of this announcement, (1) Dalian Neusoft Holdings Co., Ltd.* (大連東軟控股有限公司) (“**Neusoft Holdings**”) and Neusoft Group Co., Ltd.* (東軟集團股份有限公司) (“**Neusoft Corporation**”) hold 51.0124% and 48.9876% equity interest in Neusoft Venture Capital, respectively, (2) Neusoft Corporation is listed on Shanghai Stock Exchange with stock code 600718, and Neusoft Holdings is the largest shareholder of Neusoft Corporation with a shareholding of approximately 14.47%, (3) the single largest ultimate controlling shareholder of Neusoft Holdings is Dr. Liu Jiren.

Mr. Tian is a citizen of the PRC, and as at the date of this announcement, Mr. Tian serves as a director, the general manager and the legal representative of Neusoft Yuetong.

Newlink Technology

Newlink Technology, established under the laws of the PRC with limited liability, is a wholly-owned subsidiary of the Company. It is primarily engaged in investment holding.

V. LISTING RULES IMPLICATIONS

As at the date of this announcement, Neusoft Yuetong is a significant subsidiary of the Company. Mr. Tian holds 11.8585% equity interests in Neusoft Yuetong, and is a director and the general manager of Neusoft Yuetong. Neusoft Venture Capital is a substantial shareholder of Neusoft Yuetong holding 14.7601% equity interests in Neusoft Yuetong. Accordingly, Mr. Tian and Neusoft Venture Capital are connected persons of the Company at the subsidiary level under the Listing Rules. As such, the entering into of the Compensation Agreement and the transaction contemplated thereunder constitute a connected transaction of the Company under Chapter 14A of the Listing Rules.

As one or more of the applicable percentage ratios in respect of the transaction contemplated under the Compensation Agreement exceed 1% but all are less than 5%, the entering into of the Compensation Agreement and the transaction contemplated thereunder is subject to the reporting and announcement requirements but is exempted from the circular, independent financial advice and independent Shareholders' approval requirements under Chapter 14A of the Listing Rules.

None of the Directors has any material interest in the Compensation Agreement and the transactions contemplated thereunder and is required to abstain from voting on the relevant Board resolution.

VI. DEFINITIONS

In this announcement, unless the context otherwise requires, the following terms have the following meanings:

“Board”	the board of Directors of the Company
“Company”	Newlink Technology Inc. (新紐科技有限公司*), an exempted company incorporated in the Cayman Islands with limited liability and the issued Shares of which are listed on the Main Board of the Stock Exchange
“Compensation Agreement”	the compensation agreement entered into among Neusoft Yuetong, Mr. Tian, Neusoft Venture Capital and Newlink Technology on 31 December 2024, pursuant to which Mr. Tian and Neusoft Venture Capital have agreed to compensate Neusoft Yuetong with an aggregate amount of RMB4,634,067.94

“connected person(s)”	has the meaning ascribed to it under the Listing Rules
“controlling shareholder(s)”	has the meaning ascribed to it under the Listing Rules
“Director(s)”	the director(s) of the Company
“Equity Transfer and Capital Increase Agreement”	the equity transfer and capital increase agreement entered into among Newlink Technology, the Sellers and the Neusoft Yuetong on 20 June 2022, pursuant to which 100% equity interest in Neusoft Yuetong will be transferred to Newlink Technology on a step-by-step basis and Newlink Technology will make a capital increase to the Neusoft Yuetong
“Group”	the Company and its subsidiaries
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC
“independent third party”	third parties independent of the Company and its connected persons
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“Mr. Tian”	Mr. Tian Weihai (田維海), a shareholder, a director, the legal representative and the general manager of Neusoft Yuetong
“Neusoft Venture Capital”	Liaoning Neusoft Venture Capital Co., Ltd.* (遼寧東軟創業投資有限公司), a company established under the laws of the PRC with limited liability
“Neusoft Yuetong”	Beijing Neusoft Yuetong Software Technology Co., Ltd.* (北京東軟越通軟件技術有限公司), a company established under the laws of the PRC with limited liability on 23 July 2009
“Newlink Technology”	Newlink Technology (Beijing) Co., Ltd.* (紐領科技(北京)有限公司), a company established under the laws of the PRC with limited liability and a wholly-owned subsidiary of the Company
“PRC”	the People’s Republic of China, which for the purpose of this announcement, excludes Hong Kong, Macao Special Administrative Region and Taiwan
“RMB”	Renminbi, the lawful currency of the PRC

“Shareholders”	holders of the Shares
“Shares”	ordinary shares of US\$0.000001 each in the share capital of the Company
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Technology Service Contract”	a technology service contract entered into between Neusoft Yuetong and an independent third party customer dated 1 January 2021
“%”	percentage

By Order of the Board
Newlink Technology Inc.
Chairman of the Board and Chief Executive Officer
Zhai Shuchun

Beijing, the PRC, 31 December 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 purpose only*