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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)

RESTORATION OF USE OF PROCEEDS FROM THE GLOBAL OFFERING

Reference is made to the prospectus of Newlink Technology Inc. (the “**Company**”, together with its subsidiaries, the “**Group**”) dated 21 December 2020 (the “**Prospectus**”) in relation to the global offering (the “**Global Offering**”) and the listing of shares of the Company on The Stock Exchange of Hong Kong Limited, and the announcement of the Company dated 15 August 2021 in relation to, among others, the change of use of proceeds from the Global Offering (the “**Announcement**”). Unless otherwise defined, terms used in this announcement shall bear the same meanings as those defined in the Announcement.

PREVIOUS CHANGE OF USE OF PROCEEDS PURSUANT TO THE ANNOUNCEMENT

As set out in the Announcement, the net proceeds from the Global Offering amounted to approximately HK\$790.4 million (the “**IPO Proceeds**”). The original intended use and allocation of the IPO Proceeds was disclosed in the section headed “Future Plans and Use of Proceeds” in the Prospectus. As set out in the Announcement, the intended use and allocation of the unutilized IPO Proceeds as of 30 June 2021 of approximately HK\$765.4 million were adjusted on 15 August 2021 as follows:

- approximately HK\$414.6 million for development of new solutions and upgrading existing solutions, among which: (i) approximately HK\$92.3 million for development and upgrade of medical quality control and safety warning system; (ii) approximately HK\$106.5 million for development of clinical pathway management system; (iii) approximately HK\$56.4 million for development of telemedicine system; (iv) approximately HK\$53.6 million for development of new solution of intelligent healthcare platform; and (v) approximately HK\$105.8 million for update RPA solution;
- approximately HK\$34.8 million for enhancing the sales and marketing efforts; and
- approximately HK\$316.0 million for the proposed Acquisition as described in the Announcement.

* *For identification purpose only*

RESTORATION OF USE OF PROCEEDS

For the reasons set out in the section below headed “Reasons for the Restoration of Use of Proceeds” in this announcement, on 24 December 2021, the Board has resolved and approved to restore the proposed use and allocation of the unutilised IPO Proceeds as of 30 June 2021 to the original intended use and allocation of the IPO Proceeds as disclosed in the section headed “Future Plans and Use of Proceeds” in the Prospectus. The following table sets out the details of the original allocation of the IPO Proceeds, the revised allocation of the IPO Proceeds as described in the Announcement and the re-allocated IPO Proceeds after the restoration:

	Original allocation of the IPO Proceeds as described in the Prospectus		Revised allocation of the unutilized IPO Proceeds as of 30 June 2021 as described in the Announcement		Balance of the unutilized IPO Proceeds as of 30 June 2021 after the restoration
	Percentage	Amount	Percentage	Amount	Amount ⁽¹⁾
	%	HK\$ million	%	HK\$ million	HK\$ million
For developing new solutions and upgrading existing solutions	80.0%	632.3	54.2	414.6	613.6
– to develop and upgrade our medical quality control and safety warning system	20.0%	158.1	12.1	92.3	148.3
– to develop our clinical pathway management system	20.0%	158.1	13.9	106.5	155.7
– to develop our telemedicine system	10.0%	79.0	7.4	56.4	79.0
– to develop a new solution of intelligent healthcare platform	10.0%	79.0	7.0	53.6	75.6
– to upgrade our RPA solution	20.0%	158.1	13.8	105.8	155.0
For enhancing the sales and marketing efforts	10.0%	79.1	4.5	34.8	72.8
For working capital and other general corporate purposes	10.0%	79.0	–	–	79.0
Funds proposed to be used for the Acquisition	–	–	41.3	316.0	–
Total	100.0	790.4	100.0	765.4	765.4

Note:

- (1) The Company currently expects to fully utilize the IPO Proceeds by December 2025. The expected timeline 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.

REASONS FOR THE RESTORATION OF USE OF PROCEEDS

As disclosed in the Announcement, the Company planned to utilize HK\$316.0 million of the IPO Proceeds for the Acquisition, and if the Acquisition is not materialized, the use of the IPO Proceeds is expected to remain the same as originally allocated and described in the Prospectus. According to the terms of the Share Purchase Agreement, the materialization of the Acquisition is conditional upon satisfaction or fulfillment of all conditions precedent to the Closing.

As of the date of this announcement, no material progress has been made in connection with the Acquisition, and the Board is of the view that the materialization of the Acquisition prior to the Long-stop Date as set out in the Share Purchase Agreement is highly uncertain based on the current progress. Accordingly, the Board resolved to restore the use of the IPO Proceeds to the original intended use disclosed in the Prospectus in a timely manner, in a bid to meet the best interests of the Company and its Shareholders as a whole. The Company will explore other means of financing to settle the consideration in connection with the Acquisition should substantial progress have been achieved with respect to the Acquisition.

For the reasons above, the Board is of the view that the reallocation of the IPO Proceeds as set out above is in line with the business strategies of the Group and the revised allocation of the IPO Proceeds will enhance the efficiency of utilising the IPO Proceeds. The Board believes that the further reallocation and change of the use of proceeds from the Global Offering will not have any material adverse effect on the existing business and operations of the Group.

By order of the Board
Newlink Technology Inc.
ZHAI Shuchun
Chairman and Chief Executive Officer

Beijing, the PRC, 24 December 2021

As at the date of this announcement, the board of directors of the Company comprises Mr. ZHAI Shuchun, Ms. QIAO Huimin, Ms. QIN Yi and Mr. LI Xiaodong as executive Directors; and Mr. TANG Baoqi, Ms. YANG Juan and Mr. YE Jinfu as independent non-executive Directors.