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netjoy⁺

NETJOY HOLDINGS LIMITED

云想科技控股有限公司

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 2131)

ANNOUNCEMENT

CHANGE IN USE OF UNUTILIZED NET PROCEEDS

References are made to (i) the prospectus of Netjoy Holdings Limited (the “**Company**”, together with its subsidiaries and consolidated affiliated entities, the “**Group**”) dated December 7, 2020 (the “**Prospectus**”) in relation to the listing of the shares of the Company on the Main Board of The Stock Exchange of Hong Kong Limited (the “**Listing**”) and the global offering (the “**Global Offering**”); and (ii) the 2022 interim report of the Company (the “**Interim Report**”) in respect of the use of the net proceeds from the Global Offering. Unless otherwise defined, capitalized terms used in this announcement shall have the same meanings as those defined in the Prospectus and the Interim Report.

CHANGE IN USE OF UNUTILIZED NET PROCEEDS

As at the date of this announcement, the Company has utilized net proceeds of approximately HKD951.99 million and unutilized net proceeds of approximately HKD344.94 million (the “**Unutilized Net Proceeds**”). Based on the reasons set out in the paragraph headed “Reasons for and benefits of change in use of proceeds” below, the board (the “**Board**”) of directors (the “**Directors**”) of the Company has resolved to reallocate (i) the Unutilized Net Proceeds of approximately HKD123.08 million (representing approximately 9.5% of the net proceeds) which originally intended to be used for enhancing research and development capabilities and upgrading information technology infrastructure and (ii) the Unutilized Net Proceeds of approximately HKD197.40 million (representing approximately 15.2% of the net proceeds) which originally intended to be used for the pursuit of strategic investments and acquisitions, to enlarging advertiser and media partner bases under the expanding business segment. The

following table sets out the use of net proceeds as at the date of this announcement and the proposed change in use of the Unutilized Net Proceeds:

	Original allocation of net proceeds (HKD in millions)	Utilized net proceeds as at the date of this announcement (HKD in millions)	Unutilized Net Proceeds as at the date of this announcement (HKD in millions)	Revised allocation of the Unutilized Net Proceeds (HKD in millions)	Expected time to utilize the remaining net proceeds in full ⁽¹⁾
Enhancing research and development capabilities and upgrading information technology infrastructure					
Upgrading information technology infrastructure	118.34	53.24	65.10	0.00	–
Upgrading proprietary data management platform (DMP)	47.10	0.00	47.10	0.00	–
Upgrading full service content, production, exchange and distribution platform	8.28	0.00	8.28	0.00	–
Visual optimization of Huabian Platform	2.60	0.00	2.60	0.00	–
Expanding business					
Enlarging advertiser and media partner bases	627.20	627.20	0.00	320.48	By the end of the year ending December 31, 2023
Enhancing content production capabilities	71.60	71.60	0.00	0.00	–
Expanding domestic and international footprints	47.93	47.93	0.00	0.00	–
Pursuit of strategic investments and acquisitions					
Working capital and general corporate purposes	244.19	46.79	197.40	0.00	–
	129.69	105.23	24.46	24.46	By the end of the year ending December 31, 2023
Total	<u>1,296.93</u>	<u>951.99</u>	<u>344.94</u>	<u>344.94</u>	

Note:

- (1) The expected timeline for the usage of the remaining net proceeds is made based on the best estimate of the Group's future market conditions, which is subject to the current and future development of the market conditions.

Save for the aforementioned changes, there are no other changes in the use of net proceeds.

REASONS FOR AND BENEFITS OF CHANGE IN USE OF PROCEEDS

The planned use of the net proceeds as disclosed in the Prospectus was based on the best estimation made by the Group in relation to the then future market conditions as at the latest practicable date of the Prospectus, while the net proceeds were applied in accordance with the actual development of the market from time to time.

As disclosed in the Prospectus, the net proceeds of approximately 13.6% are expected to be used for enhancing research and development capabilities and upgrading information technology infrastructure, and approximately 18.8% are expected to be used for the pursuit of strategic investments and acquisitions. Since the Listing, the Group has been actively enhancing its research and development capabilities and upgrading information technology infrastructure, with a focus on optimizing and developing its technology assets. At the same time, the Group has been actively seeking opportunities to form strategic partnerships with outstanding companies that can complement or enhance its existing businesses and create business synergies, as well as strategic business collaboration during the growth period through investments or mergers and acquisitions. However, in view of the slowdown in global economic growth, the severe epidemic situation at home and abroad, and the increased uncertainties in the domestic market and industry environment after the Listing, the Board considers that it is difficult to generate the expected returns in the short term by enhancing research and development capabilities and upgrading the information technology infrastructure, and it is also difficult for potential strategic investments and acquisition targets to achieve the originally expected benefits and synergies under the current macro environment. Therefore, in line with the Group's development strategy at this stage, the Group does not plan to invest more in these matters for the time being and has decided to reallocate the Unutilized Net Proceeds in order to more efficiently co-ordinate the Group's resources to support the high-quality development of the business in the current external environment.

In order to enhance the efficient use of the net proceeds while strengthening the Group's leading position and preparing for market recovery, the Board resolved to reallocate a total of approximately HKD320.48 million of the Unutilized Net Proceeds (the "**Reallocated Proceeds**") initially intended to be used for enhancing research and development capabilities and upgrading information technology infrastructure, as well as seeking strategic investments and acquisitions, to enlarging advertiser and media partner bases under the expanding business segment. Specific uses include, but are not limited to, recruiting professional and talented sales and marketing staff, making upfront payments to capture subscriber traffic, meeting the cash requirements of large advertisers with longer credit terms, expanding the scale of cooperation with existing media partners and developing new advertisers and media partner bases. The Board believes that the Reallocated Proceeds will be efficient in driving and supporting the Group's business development and will enhance the efficiency and effectiveness of the Group's use of funds and achieve more effective use of available financial resources.

The Board confirmed that there was no material change in the nature of business of the Group as set out in the Prospectus, and that the Reallocated Proceeds as set out above would not have any material adverse impact on the operations of the Group. The Board considered that such Reallocated Proceeds would facilitate an effective use of the financial resources of the Group and strengthen the future development of the Group, and therefore, the reallocation of the Unutilized Net Proceeds was in the best interests of the Company and its shareholders as a whole.

The Board will continuously assess the plans for the use of the net proceeds, and may revise or amend such plans where necessary to respond to the changing market conditions and strives for better business performance of the Group.

By order of the Board
Netjoy Holdings Limited
XU Jiaqing
Chairman of the Board

Shanghai, the PRC, December 16, 2022

As at the date of this announcement, the Board comprises Mr. XU Jiaqing, Mr. WANG Chen, Mr. LIN Qian and Ms. ZHA Lijun as executive Directors; Mr. DAI Liqun and Mr. WANG Jianshuo as non-executive Directors; and Mr. CHEN Changhua, Dr. RU Liyun and Ms. CUI Wen as independent non-executive Directors.