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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)

ANNOUNCEMENT OF ANNUAL RESULTS FOR THE YEAR ENDED 31 DECEMBER 2022

FINANCIAL HIGHLIGHTS OF ANNUAL RESULTS

	For the year ended 31 December	
	2022	2021
	RMB'000	RMB'000
Revenue	260,554	205,752
Gross profit	70,459	74,598
Profit before tax	20,795	17,015
Income tax expense	(3,356)	(3,968)
Profit for the year	17,439	13,047
Profit/(loss) attributable to:		
Owners of the Company	17,488	13,047
Non-controlling interests	(49)	- ¹

Note

1. Less than RMB1,000.

* For identification purposes only

	As at 31 December	
	2022	2021
	<i>RMB'000</i>	<i>RMB'000</i>
Total assets	991,204	873,338
Total liabilities	108,593	34,067
Equity attributable to the owners of the Company	880,153	837,764
Non-controlling interests	<u>2,458</u>	<u>1,507</u>
Total equity	<u>882,611</u>	<u>839,271</u>

In this announcement, “we”, “us”, “our” and “Newlink Technology” refer to the Company (as defined below) and where the context otherwise requires, the Group (as defined below).

The board (the “**Board**”) of directors (the “**Directors**”) of Newlink Technology Inc. (the “**Company**”, together with its subsidiaries, the “**Group**”) hereby announces that the consolidated annual results of the Group for the year ended 31 December 2022 (the “**Reporting Period**”), together with the comparative figures for the year ended 31 December 2021 are as follows.

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the year ended 31 December 2022

	<i>Note</i>	2022 RMB'000	2021 <i>RMB'000</i>
REVENUE	<i>5</i>	260,554	205,752
Cost of sales		<u>(190,095)</u>	<u>(131,154)</u>
Gross profit		70,459	74,598
Other income and gains	<i>6</i>	10,682	3,499
Fair value gain on equity investments at fair value through profit or loss		14,035	–
Change in fair value of contingent consideration		(2,740)	–
Selling and distribution expenses		(11,996)	(11,251)
Administrative expenses		(28,726)	(31,230)
Research and development expenses		(19,148)	(8,865)
Other expenses		(11,529)	(8,605)
Finance costs	<i>7</i>	(1,276)	(1,148)
Share of profits and losses of an associate		<u>1,034</u>	<u>17</u>
PROFIT BEFORE TAX	<i>8</i>	20,795	17,015
Income tax expense	<i>10</i>	<u>(3,356)</u>	<u>(3,968)</u>
PROFIT FOR THE YEAR		<u>17,439</u>	<u>13,047</u>
Other comprehensive income/(expense):			
<i>Item that might not be reclassified to profit or loss</i>			
Exchange differences arising on translation from functional currency to presentation currency		<u>29,278</u>	<u>(9,657)</u>
<i>Item that might be reclassified subsequently to profit or loss</i>			
Exchange differences arising on translation of foreign operations		<u>470</u>	<u>1,889</u>
Other comprehensive income/(expense) for the year, net of tax		<u>29,748</u>	<u>(7,768)</u>
Total comprehensive income for the year		<u>47,187</u>	<u>5,279</u>

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME (Continued)

For the year ended 31 December 2022

	<i>Note</i>	2022 <i>RMB'000</i>	2021 <i>RMB'000</i>
Profit/(loss) for the year attributable to:			
– Owners of the Company		17,488	13,047
– Non-controlling interests		(49)	–*
		<u>17,439</u>	<u>13,047</u>
Total comprehensive income/(expense) for the year attributable to:			
– Owners of the Company		47,236	5,279
– Non-controlling interests		(49)	–*
		<u>47,187</u>	<u>5,279</u>
Earnings per share			
Basic and diluted	<i>12</i>	<u>RMB2.22 cents</u>	<u>RMB1.64 cents</u>

* Less than RMB1,000

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

At 31 December 2022

	<i>Note</i>	2022 <i>RMB'000</i>	2021 <i>RMB'000</i>
NON-CURRENT ASSETS			
Property and equipment		5,770	4,288
Right-of-use assets		16,907	6,480
Goodwill		36,724	–
Intangible assets	<i>13</i>	130,045	52,157
Investment in an associate	<i>14</i>	6,431	4,017
Equity investments at fair value through profit or loss	<i>15</i>	25,700	2,280
Contract assets	<i>17</i>	3,852	1,036
Long-term deposits		1,777	1,602
Deferred tax assets		4,282	1,334
		<hr/> 231,488	<hr/> 73,194
CURRENT ASSETS			
Inventories		2,249	–
Trade receivables	<i>16</i>	206,190	178,724
Contract assets	<i>17</i>	113,178	64,066
Prepayments, deposits and other receivables		6,478	5,430
Amounts due from related parties		17,149	2,102
Other current assets		–	1,041
Pledged deposits		222	1
Restricted bank deposits		–	24,522
Bank balances and cash		414,250	524,258
		<hr/> 759,716	<hr/> 800,144
CURRENT LIABILITIES			
Trade payables	<i>18</i>	23,666	11,651
Contract liabilities		9,975	616
Other payables and accruals		9,257	6,044
Interest-bearing bank borrowings		19,000	5,000
Lease liabilities		2,585	3,365
Tax payable		5,297	5,209
		<hr/> 69,780	<hr/> 31,885
NET CURRENT ASSETS		<hr/> 689,936	<hr/> 768,259
TOTAL ASSETS LESS CURRENT LIABILITIES		<hr/> 921,424	<hr/> 841,453

CONSOLIDATED STATEMENT OF FINANCIAL POSITION (Continued)*At 31 December 2022*

	2022 <i>RMB'000</i>	2021 <i>RMB'000</i>
NON-CURRENT LIABILITIES		
Lease liabilities	13,426	2,182
Contingent consideration	21,810	–
Deferred tax liabilities	3,577	–
	<u>38,813</u>	<u>2,182</u>
NET ASSETS	<u>882,611</u>	<u>839,271</u>
CAPITAL AND RESERVES		
Share capital	5	5
Reserves	<u>880,148</u>	<u>837,759</u>
Equity attributable to owners of the Company	880,153	837,764
Non-controlling interests	<u>2,458</u>	<u>1,507</u>
TOTAL EQUITY	<u>882,611</u>	<u>839,271</u>

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2022

1. CORPORATE INFORMATION

Newlink Technology Inc. (the “Company”) was incorporated in the Cayman Islands on 8 November 2019 as an exempted company with limited liability under the Companies Law of the Cayman Islands. The registered address of the Company is PO Box 309, Ugland House, Grand Cayman, KY1-1104, Cayman Islands. The shares of the Company were listed on the Main Board of the Stock Exchange of Hong Kong Limited (the “Stock Exchange”) on 6 January 2021.

The Company is an investment holding company. The principal activity of its subsidiaries (collectively referred to as the “Group”) are principally engaged in the business of software development and maintenance in the People’s Republic of China (hereafter, the “PRC”). Mr. Zhai Shuchun is the controlling shareholder of the Group. There has been no significant change in the Group’s principal activities during the year ended 31 December 2022.

In the opinion of the Directors, the holding company and the ultimate holding company of the Company is Nebula SC Holdings Limited, which is incorporated in British Virgin Islands.

The consolidated financial statements are presented in Renminbi (“RMB”) and all values are rounded to the nearest thousand except otherwise indicated.

2. APPLICATION OF NEW AND AMENDMENTS TO HONG KONG FINANCIAL REPORTING STANDARDS (“HKFRSs”)

New and Amendments to HKFRSs that are mandatorily effective for the current year

In the current year, the Group has applied the following amendments to HKFRSs issued by the Hong Kong Institute of Certified Public Accountants (“HKICPA”) for the first time, which are mandatorily effective for the annual periods beginning on or after 1 January 2022 for the preparation of the consolidated financial statements:

Amendments to HKFRS 3	Reference to the Conceptual Framework
Amendments to HKFRS 16	Covid-19-Related Rent Concessions beyond 30 June 2021
Amendments to HKAS 16	Property, Plant and Equipment: Proceeds before Intended Use
Amendments to HKAS 37	Provisions, Contingent Liabilities and Contingent Assets: Onerous Contracts – Cost of Fulfilling a Contract
Annual improvements to HKFRSs 2018 – 2020	Amendments to HKFRS 1, HKFRS 9, Illustrative Examples accompanying HKFRS 16, and HKAS 41

The application of the new and amendments to HKFRSs in the current year has had no material impact on the Group’s financial positions and performance for the current and prior years and/or on the disclosures set out in these consolidated financial statements.

New and Amendments to HKFRSs in issue but not yet effective

The Group has not early applied the followings new and amendments to HKFRSs that have been issued but are not yet effective:

Amendments to HKFRS 10 and HKAS 28	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture ³
Amendments to HKFRS 16	Lease Liability in a Sale and Leaseback ²
Amendments to HKAS 1	Non-current Liabilities with Covenants (the “2022 Amendments”) ²
Amendments to HKAS 1	Classification of Liabilities as Current or Non-Current and related amendments to Hong Kong Interpretation 5 (2020) ^{2,4}
Amendments to HKAS 1	Disclosure of Accounting Policies ¹
Amendments to HKAS 8	Definition of Accounting Estimates ¹
Amendments to HKAS 12	Deferred Tax related to Assets and Liabilities arising from a Single Transaction ¹

¹ Effective for annual periods beginning on or after 1 January 2023

² Effective for annual periods beginning on or after 1 January 2024

³ Effective for annual periods beginning on or after a date to be determined

⁴ As a consequence of the 2022 Amendments, the effective date of the 2020 Amendments was deferred to annual periods beginning on or after 1 January 2024. In addition, as a consequence of the 2020 Amendments and 2022 Amendments, Hong Kong Interpretation 5 Presentation of Financial Statements – Classification by the Borrower of a Term Loan that Contains a Repayment on Demand Clause was revised to align the corresponding wording with no change in conclusion

Amendments to HKAS 1 Non-current Liabilities with Covenants

The amendments clarify how to treat liabilities that are subject to covenants to be complied with, at a date subsequent to the reporting period. The 2022 Amendments improve the information an entity provides when its right to defer settlement of a liability for at least twelve months is subject to compliance with covenants. The 2022 Amendments clarify that only covenants with which an entity must comply on or before the reporting date will affect a liability’s classification as current or non-current. The 2022 Amendments are effective for annual periods beginning on or after 1 January 2024 and shall be applied retrospectively. Earlier application of the 2022 Amendments is permitted. The 2022 Amendments are not expected to have any significant impact on the Group’s financial statements

Amendments to HKAS 1 Classification of Liabilities as Current or Non-Current and related amendments to Hong Kong Interpretation 5 (2020)

The amendments clarify the requirements on classifying liabilities as current or non-current. The 2020 Amendments provide clarification that if an entity’s right to defer settlement of a liability is subject to compliance with future covenants, the entity has a right to defer settlement of the liability even if it does not comply with those covenants at the end of the reporting period. Classification of a liability is unaffected by the likelihood that the entity will exercise its right to defer settlement of the liability. The 2020 Amendments also clarify the situations that are considered as a settlement of a liability. The 2020 Amendments are effective for annual periods beginning on or after 1 January 2024 and shall be applied retrospectively. Earlier application of the 2020 Amendments is permitted. However, an entity that applies the 2020 Amendments early is also required to apply the 2022 Amendments, and vice versa. The 2020 Amendments are not expected to have any significant impact on the Group’s financial statements.

Amendments to HKAS 1

HKAS 1 is amended to replace all instances of the term “significant accounting policies” with “material accounting policy information”. Accounting policy information is material if, when considered together with other information included in an entity’s financial statements, it can reasonably be expected to influence decisions that the primary users of general purpose financial statements make on the basis of those financial statements.

The amendments also clarify that accounting policy information may be material because of the nature of the related transactions, other events or conditions, even if the amounts are immaterial. However, not all accounting policy information relating to material transactions, other events or conditions is itself material. If an entity chooses to disclose immaterial accounting policy information, such information must not obscure material accounting policy information.

The application of the amendments is not expected to have significant impact on the financial position or performance of the Group but may affect the disclosures of the Group's significant accounting policies. The impacts of application, if any, will be disclosed in the Group's future consolidated financial statements.

Amendments to HKAS 8: Definition of Accounting Estimates

The amendments define accounting estimates as “monetary amounts in financial statements that are subject to measurement uncertainty”. An accounting policy may require items in financial statements to be measured in a way that involves measurement uncertainty – that is, the accounting policy may require such items to be measured at monetary amounts that cannot be observed directly and must instead be estimated. In such a case, an entity develops an accounting estimate to achieve the objective set out by the accounting policy. Developing accounting estimates involves the use of judgements or assumptions based on the latest available, reliable information.

In addition, the concept of changes in accounting estimates in HKAS 8 is retained with additional clarifications. The application of the amendments is not expected to have significant impact on the Group's consolidated financial statements.

3. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS

Basis of preparation of consolidated financial statements

The consolidated financial statements of the Group have been prepared in accordance with HKFRSs issued by the HKICPA. In addition, the consolidated financial statements include applicable disclosures required by the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the “Listing Rules”) and by the Hong Kong Companies Ordinance.

The consolidated financial statements have been prepared on the historical cost basis, except for certain financial instruments that are measured at fair value at the end of each reporting period.

Historical cost is generally based on fair value of the consideration given in exchange for goods and services.

4. OPERATING SEGMENT INFORMATION

The Group is an IT solution service provider in Mainland China.

In prior years the Group managed its business based on the industry sectors of the customers and had three reportable operating segments being the financial institutions, the medical institutions and the other segment. From 2021, the Group has increased the promotion of its artificial intelligence and big data solutions in various fields. In addition to maintaining its advantages of serving specific industries, such solutions were further applied to large and medium-sized state-owned and private enterprises, and were extended to various customers in transportation, logistics, coal power, the Internet of Things, the Internet, information technology services and other sectors. The Group also further captured a higher market share through strategic cooperation. Therefore, the Group has only one reportable operating segment which is the provision of IT solution services and management has no longer monitored the results based on the industry sectors of the customers. The financial information reported to the chief operating decision maker is reflected through the overall operating performance of the Group for resource allocation and performance evaluation. Accordingly, no operating segment information is presented.

Geographical information

During the year, the Group operated within one geographical segment because all of its revenue was generated in Mainland China and all of its long-term assets/capital expenditure were located/incurred in Mainland China. Accordingly, no geographical segment information is presented.

Information about major customers

No revenue was derived from a single customer of the Group, which accounted for more than 10% of the Group's total revenue for the current year (2021: RMB74,281,000).

	2022 RMB'000	2021 <i>RMB'000</i>
Customer 1	—*	20,877
Customer 2	—*	19,570
Customer 3	—*	33,834
	<u> </u>	<u> </u>

* The corresponding revenue of the customer is not disclosed as the revenue individually did not account for 10% or more of the Group's revenue for the respective year.

5. REVENUE

Revenue from contracts with customers

(a) *Disaggregated revenue information*

	2022 <i>RMB'000</i>	2021 <i>RMB'000</i>
Types of goods or services		
Software development services	167,241	155,747
Technical and maintenance services	50,597	17,059
Sale of standard software	<u>42,716</u>	<u>32,946</u>
Total revenue from contracts with customers	<u><u>260,554</u></u>	<u><u>205,752</u></u>
Timing of revenue recognition		
Goods transferred at a point in time	42,716	32,946
Services transferred over time	<u>217,838</u>	<u>172,806</u>
Total revenue from contracts with customers	<u><u>260,554</u></u>	<u><u>205,752</u></u>

The following table shows the amounts of revenue recognised in the current reporting period that were included in the contract liabilities at the beginning of the reporting period:

	2022 <i>RMB'000</i>	2021 <i>RMB'000</i>
Revenue recognised that was included in contract liabilities at the beginning of the reporting period:		
Software development services	270	1,210
Technical and maintenance services	<u>82</u>	<u>161</u>
	<u><u>352</u></u>	<u><u>1,371</u></u>

(b) *Performance obligations*

Information about the Group's performance obligations is summarised below:

Software development services

The performance obligation is satisfied over time as services are rendered and payment is generally due within 30 to 180 days upon issuance of invoice and receipt of acceptance from customers on milestones as agreed by both parties. A certain percentage of payment is retained by customers until the end of the retention period.

Technical and maintenance services

The performance obligation is satisfied over time as services are rendered and the credit period granted to the customers is normally due upon completion of the service, which is normally for periods of one year or less, or are billed based on the actual time/work incurred, which are due within 30 to 180 days from the date of billing.

Sale of standard software

The performance obligation is satisfied upon acceptance of software and payment is generally due within 30 to 180 days from acceptance by customers, except for new customers, where payment in advance is normally required.

The amounts of transaction prices allocated to the remaining performance obligations (unsatisfied or partially unsatisfied) as at 31 December are as follows:

	2022 <i>RMB'000</i>	2021 <i>RMB'000</i>
Amounts expected to be recognised as revenue:		
Within one year	57,635	37,088
After one year	2,517	5,813
	60,152	42,901

The amounts of transaction prices allocated to the remaining performance obligations which are expected to be recognised after one year relate to software development services and technical services, of which the performance obligations are to be satisfied within two years. All the other amounts of transaction prices allocated to the remaining performance obligations are expected to be recognised as revenue within one year. The amounts disclosed above do not include variable consideration which is constrained and revenue that will be recognised using the right to invoice practical expedient.

6. OTHER INCOME AND GAINS

	2022 <i>RMB'000</i>	2021 <i>RMB'000</i>
Bank interest income	3,440	635
Interest income arising from revenue contracts	–	15
VAT refunds and other tax subsidies (<i>Note</i>)	5,798	2,807
Waiver of trade payables	1,306	–
Others	138	42
	10,682	3,499

Note: Refunds of VAT on software products represent the refund upon payment of VAT with respect to the portion of any effective VAT rate in excess of 3% in respect of software product sales of the Group pursuant to the principles of the State Council document entitled “Certain Policies to Encourage the Development of Software Enterprise and the IC Industry” and the approval of the state taxation authorities.

7. FINANCE COSTS

	2022 <i>RMB'000</i>	2021 <i>RMB'000</i>
Interest on bank borrowings	894	684
Interest on lease liabilities	382	464
	1,276	1,148

8. PROFIT BEFORE TAX

The Group's profit before tax is arrived at after charging:

	<i>Notes</i>	2022 RMB'000	2021 <i>RMB'000</i>
Cost of inventories sold and services rendered		<u>190,095</u>	<u>131,154</u>
Research and development expenses:			
Deferred expenditure amortised (<i>Note (i)</i>)	<i>13</i>	8,101	2,073
Current year expenditure		<u>11,047</u>	<u>8,865</u>
		<u>19,148</u>	<u>10,938</u>
Employee benefit expense (including directors' and chief executives' remuneration (<i>Note 9</i>):			
Wages and salaries		102,747	89,879
Pension scheme contributions (defined contribution scheme) (<i>Note (ii)</i>)		<u>16,981</u>	<u>15,956</u>
		<u>119,728</u>	<u>105,835</u>
Auditors' remuneration		1,150	2,200
Depreciation of property and equipment		2,159	1,121
Depreciation of right-of-use assets		4,804	4,201
Amortisation of intangible assets (<i>Note (i)</i>)	<i>13</i>	19,432	7,399
Impairment losses recognised for trade receivables (<i>Note (iii)</i>)	<i>16</i>	9,173	4,020
Impairment losses recognised for contract assets (<i>Note (iii)</i>)	<i>17</i>	213	1,206
Loss on disposal of an associate		17	–
Foreign exchange differences, net (<i>Note (iii)</i>)		1,827	3,376
Listing expenses		<u>–</u>	<u>6,967</u>

Notes:

- (i) The amortisation of deferred development costs is included in the amortisation of intangible assets. The amortisation of intangible assets for the year is included in cost of sales, selling and distribution expenses, administrative expenses and research and development expenses in the consolidated statement of profit or loss and other comprehensive income.
- (ii) There are no forfeited contributions that may be used by the Group as the employer to reduce the existing level of contributions.
- (iii) Included in "other expenses" in the consolidated statement of profit or loss and other comprehensive income.

9. DIRECTORS' AND CHIEF EXECUTIVE'S REMUNERATION

Mr. Zhai Shuchun, Ms. Qin Yi, Ms. Qiao Huimin and Mr. Li Xiaodong have been appointed as executive directors of the Company since 2019. Since 5 September 2022, Ms. Qiao Huimin resigned as chief financial officer and executive director. Mr. Tang Baoqi, Ms. Jing Liping and Mr. Ye Jinfu have been appointed as independent non-executive directors of the Company since 2020. Since 30 November 2021, Ms. Jing Liping resigned and Ms Yang Juan has been appointed as the independent non-executive director.

Directors' and chief executive's remuneration for the year, disclosed pursuant to the Listing Rules, section 383(1)(a), (b), (c) and (f) of the Hong Kong Companies Ordinance and Part 2 of the Companies (Disclosure of Information about Benefits of Directors) Regulation, is as follows:

	2022 RMB'000	2021 <i>RMB'000</i>
Fees	<u>309</u>	<u>299</u>
Other emoluments:		
Salaries, allowances and benefits in kind	2,371	2,021
Pension scheme contributions	<u>260</u>	<u>291</u>
	<u>2,631</u>	<u>2,312</u>
	<u>2,940</u>	<u>2,611</u>

(a) Independent non-executive directors

The fees paid to independent non-executive directors during the year were as follows:

	2022 RMB'000	2021 <i>RMB'000</i>
Mr. Tang Baoqi	103	100
Mr. Ye Jinfu	103	100
Ms. Jing Liping	–	91
Ms. Yang Juan	<u>103</u>	<u>8</u>
	<u>309</u>	<u>299</u>

There were no other emoluments payable to the independent non-executive directors during the year (2021: Nil).

(b) Executive directors and chief executive

2022	Fees RMB'000	Salaries, allowances and benefits in kind RMB'000	Pension scheme contributions RMB'000	Total remuneration RMB'000
Executive directors:				
Mr. Zhai Shuchun <i>(Chief Executive Officer)</i>	–	926	116	1,042
Ms. Qin Yi	–	641	62	703
Ms. Qiao Huimin	–	661	64	725
Mr. Li Xiaodong	<u>–</u>	<u>143</u>	<u>18</u>	<u>161</u>
	<u>–</u>	<u>2,371</u>	<u>260</u>	<u>2,631</u>

2021	Fees RMB'000	Salaries, allowances and benefits in kind RMB'000	Pension scheme contributions RMB'000	Total remuneration RMB'000
Executive directors:				
Mr. Zhai Shuchun (Chief Executive Officer)	–	889	116	1,005
Ms. Qin Yi	–	411	63	474
Ms. Qiao Huimin	–	600	95	695
Mr. Li Xiaodong	–	121	17	138
	<u>–</u>	<u>2,021</u>	<u>291</u>	<u>2,312</u>

There was no arrangement under which a director or chief executive waived or agreed to waive any remuneration during the year.

10. INCOME TAX EXPENSE

The amount of taxation in the consolidated statement of profit or loss and other comprehensive income represents:

	2022 RMB'000	2021 RMB'000
Current income tax:		
Hong Kong	572	–
PRC Enterprise Income Tax	<u>3,625</u>	<u>4,969</u>
	4,197	4,969
Deferred tax	<u>(841)</u>	<u>(1,001)</u>
	<u>3,356</u>	<u>3,968</u>

The Group is subject to income tax on an entity basis on profits arising in or derived from the jurisdictions in which members of the Group are domiciled and operate.

The Company was incorporated in the Cayman Islands as an exempted company with limited liability under the Companies Law of the Cayman Islands and accordingly is not subject to income tax.

Pursuant to the PRC Enterprise Income Tax (“EIT”) Law and the respective regulations, the subsidiaries in Mainland China are subject to income tax at a statutory rate of 25% during the year. A preferential tax treatment is available to Beijing Newlink Technology Co., Ltd. (“**Beijing Newlink**”), which was recognised as a High and New Technology Enterprise in December 2020 in Mainland China and a lower corporate income tax of 15% has been applied in 2021 and 2022. The certificate of High and New Technology Enterprise has to be renewed every three years and Beijing Newlink has to re-apply for it every six years.

Under the two-tiered profits tax rates regime of Hong Kong Profits Tax, the first HK\$2 million of profits of the qualifying group entity will be taxed at 8.25%, and profits above HK\$2 million will be taxed at 16.5%. The profits of group entities not qualifying for the two-tiered profits tax rates regime will continue to be taxed at a flat rate of 16.5%. Accordingly, the Hong Kong Profits Tax of the qualifying group entity is calculated at 8.25% on the first HK\$2 million of the estimated assessable profits and at 16.5% on the estimated assessable profits above HK\$2 million.

The income tax expense for the year can be reconciled to the profit before tax at the statutory rate of Mainland China (i.e., 25%) where the main operating entity is domiciled to the tax expense at the effective tax rate, and a reconciliation of the applicable rate (i.e., the statutory tax rate) to the effective tax rate, are as follows:

	2022 RMB'000	2021 <i>RMB'000</i>
Profit before tax	<u>20,795</u>	<u>17,015</u>
Tax at the statutory tax rate	5,199	4,254
Effect of different tax rates for specific jurisdictions or enacted by local authority	(3,608)	(1,702)
Income not subject to taxation	(1,660)	–
Expenses not deductible for taxation purposes	2,141	2,597
Recognition/utilisation of previously unrecognised temporary differences/tax losses	2,501	11
Super deduction for research and development expenses	<u>(1,217)</u>	<u>(1,192)</u>
Income tax expense for the year	<u>3,356</u>	<u>3,968</u>

Pursuant to the PRC EIT Law, a 10% withholding tax is levied on dividends declared to foreign investors from the foreign investment enterprises established in Mainland China. The requirement is effective from 1 January 2008 and applies to earnings after 31 December 2007. A lower withholding tax rate may be applied if there is a tax treaty between Mainland China and the jurisdiction of the foreign investors. For the Group, the applicable rate is 10%. The Group is therefore liable for withholding taxes on dividends distributed by those subsidiaries established in Mainland China in respect of earnings generated from 1 January 2008.

As at 31 December 2022, no deferred tax has been recognised for withholding taxes that would be payable on the unremitted earnings that are subject to withholding taxes of the Group's subsidiaries established in Mainland China. In the opinion of the directors, the Group's earnings will be retained in Mainland China for the expansion of the Group's operation, so it is not probable that these subsidiaries will distribute such earnings in the foreseeable future. The total amount of temporary difference associated with the investments in subsidiaries in Mainland China for which deferred tax liabilities have not been recognised was approximately RMB120,486,000 as at 31 December 2022 (2021: RMB118,649,000).

According to the relevant laws and regulations promulgated by the State Tax Bureau of the PRC, enterprises engaging in research and development activities are entitled to claim 150% of the research and development expenses from 1 January 2008 to 31 December 2017, and 175% of the research and development expenses from 1 January 2018 to 31 December 2022 as tax deductible expense.

There are no income tax consequences attaching to the payment of dividends by the Company to its shareholders.

11. DIVIDENDS

Subsequent to the end of the reporting period, a final dividend in respect of the year ended 31 December 2022 of HK\$0.04 (equivalent to RMB0.0357) (2021: Nil) per ordinary share, in an aggregate amount of HK\$31,460,576 (equivalent to RMB28,102,789) (2021: Nil), has been proposed by the directors of the Company and is subject to approval by the shareholders at the forthcoming general meeting.

12. EARNINGS PER SHARE

The calculation of the basic earnings per share is based on the profit for the year attributable to owners of the Company, and the weighted average number of ordinary shares of 786,514,400 (2021: 796,113,935) in issue at the end of the reporting period.

The Group had no potentially diluted ordinary shares in issue during the years ended 31 December 2022 and 2021.

The calculations of basic and diluted earnings per share are based on:

	2022 <i>RMB'000</i>	2021 <i>RMB'000</i>
Earnings		
Profit attributable to owners of the Company, used in the basic and diluted earnings per share calculation	<u>17,488</u>	<u>13,047</u>
Shares	Number of shares	
Weighted average number of ordinary shares in issue during the year used in the basic and diluted earnings per share calculation	<u>786,514,400</u>	<u>796,113,935</u>
Basic and diluted earnings per share	<u>RMB2.22 cents</u>	<u>RMB1.64 cents</u>

13. INTANGIBLE ASSETS

	Software licenses <i>RMB'000</i>	Deferred development costs <i>RMB'000</i>	Total <i>RMB'000</i>
COST			
At 1 January 2021	18,217	5,504	23,721
Additions – acquired	20,338	–	20,338
Additions – internal development	–	21,023	21,023
At 31 December 2021 and 1 January 2022	<u>38,555</u>	<u>26,527</u>	<u>65,082</u>
Acquired on acquisition of subsidiaries	1,504	21,800	23,304
Additions – acquired	28,893	–	28,893
Additions – internal development	–	57,123	57,123
Disposed on disposal of a subsidiary	–	(12,000)	(12,000)
At 31 December 2022	<u>68,952</u>	<u>93,450</u>	<u>162,402</u>
ACCUMULATED AMORTISATION			
At 1 January 2021	4,738	788	5,526
Provided for the year	5,326	2,073	7,399
At 31 December 2021 and 1 January 2022	<u>10,064</u>	<u>2,861</u>	<u>12,925</u>
Provided for the year	<u>11,331</u>	<u>8,101</u>	<u>19,432</u>
At 31 December 2022	<u>21,395</u>	<u>10,962</u>	<u>32,357</u>
CARRYING VALUES			
At 31 December 2022	<u>47,557</u>	<u>82,488</u>	<u>130,045</u>
At 31 December 2021	<u>28,491</u>	<u>23,666</u>	<u>52,157</u>

The above intangible assets have finite useful lives. Such intangible assets are amortised on a straight-line basis over the following periods:

Software licenses	5 years
Deferred development costs	3 years

14. INVESTMENT IN AN ASSOCIATE

	2022 <i>RMB'000</i>	2021 <i>RMB'000</i>
Cost of investment in associates	4,000	4,000
Acquired on acquisition of subsidiaries	5,397	–
Disposal of an associate	(4,000)	–
Share of post-acquisition profits and other comprehensive income, net of dividends received	1,034	17
Share of net assets	6,431	4,017

Particulars of the associate is as follows:

Name	Particulars of held issued shares	Place of incorporation/ registration and business	Date of incorporation	Percentage of ownership interest attributable to the Group		Principal activity
				2022	2021	
Beijing Heshun Huikang Technology Co., Ltd. <i>(Note (i))</i> (北京和順慧康科技有限公司)	Ordinary shares	PRC/ Mainland China	22 February 2021	35	–	Software development and maintenance
Beijing Yinxin Communication Technology Co., Ltd. <i>(Note (i))</i> (北京銀信通合科技有限公司)	Ordinary shares	PRC/ Mainland China	21 March 2018	– (Note (ii))	40	Software development and maintenance

The Group's shareholdings in the associate is held through a wholly owned subsidiary of the Company.

Notes:

- (i) The English name of the company represents the best effort made by the management of the Company to directly translate the Chinese name as it does not register any official English name.
- (ii) On 24 June 2022, Beijing Newlink, a wholly owned subsidiary of the Company, entered into a disposal agreement with the purchaser (the "**Purchaser**"), whereby the Purchaser agreed to purchase and Beijing Newlink agreed to dispose of 40% of equity interests of Beijing Yinxin at a consideration of RMB4,000,000. The disposal was completed on 4 November 2022. The loss on disposal of RMB17,000 was recognised in the profit or loss.

15. EQUITY INVESTMENTS AT FAIR VALUE THROUGH PROFIT OR LOSS

	2022 <i>RMB'000</i>	2021 <i>RMB'000</i>
Unlisted equity investments, at fair value		
Beijing Fuhuajiaxin Business Incubator Company Limited	18,400	2,280
Advanced Biomed Inc.	7,300	–
	<u>25,700</u>	<u>2,280</u>

16. TRADE RECEIVABLES

	2022 <i>RMB'000</i>	2021 <i>RMB'000</i>
Trade receivables	222,834	184,587
Less: Allowance for expected credit losses (“ECL”)	(16,644)	(5,863)
	<u>206,190</u>	<u>178,724</u>

As at 1 January 2021, trade receivables amounted RMB107,248,000.

Trade receivables represented the outstanding invoiced values for software development services, technical and maintenance services and sale of standard software receivable from the customers.

The Group’s trading terms with its customers are mainly on credit. For software development services, the credit period granted to the customers is normally 30 to 180 days upon issuance of invoice and receipt of acceptance from customers during the course of contracts. The forms of acceptance evidenced the satisfaction from the customers of the progress of completion. For the sale of standard software, the credit period granted to the customers is normally 30 to 180 days after the goods were accepted by the customers, except for new customers, where payment in advance is normally required. For technical and maintenance services, the credit period granted to the customers is normally due upon completion of the service or 30 to 180 days from the date of billing.

The Group seeks to maintain strict control over its outstanding receivables and has a credit control department to minimise the credit risk. Overdue balances are reviewed regularly by senior management. In view of the aforementioned and the fact that the Group’s trade receivables relate to a number of the largest state-owned financial institutions, hospitals, state-owned companies and large listed companies in Mainland China, there is certain concentration of credit risk. The Group does not hold any collateral or other credit enhancements over its trade receivable balances. Trade receivables are non-interest-bearing.

The following is an ageing analysis of the trade receivables as at the end of the reporting periods, based on the recognition date of gross trade receivables and net of allowance for ECL:

	2022 <i>RMB'000</i>	2021 <i>RMB'000</i>
Within 90 days	31,374	60,434
91 to 180 days	31,609	27,765
181 days to 1 year	54,092	34,400
1 year to 2 years	62,540	44,995
2 year to 3 years	26,575	11,130
	<u>206,190</u>	<u>178,724</u>

The movements in the allowance for ECL of trade receivables are as follows:

	2022 <i>RMB'000</i>	2021 <i>RMB'000</i>
Balance as at 1 January	5,863	1,843
Arising on acquisition of subsidiaries	1,608	–
Allowance for ECL recognised during the year	9,173	4,020
	<u>16,644</u>	<u>5,863</u>

An impairment analysis is performed at each reporting date using a loss rate approach to measure ECL. The Group develops loss-rate statistics on the basis of the amount expected to be written off over the life of the financial assets by reference to the credit rating of the customers, and also adjusted these loss trends for current conditions and expectations about the future. The calculation reflects the probability-weighted outcome, the time value of money and reasonable and supportable information that is available at the reporting date about past events, current conditions and forecasts of future economic conditions. Generally, trade receivables are written off when there is information indicating that the counterparty is in severe financial difficulty and there is no realistic prospect of future recovery.

31 December 2022	Amount <i>RMB'000</i>	ECL rate	Allowance for ECL <i>RMB'000</i>
Trade receivables aged:			
Within 180 days	63,686	1.11%	704
181 days to 1 year	54,880	1.44%	788
1 to 2 years	69,321	9.78%	6,781
2 to 3 years	34,947	23.95%	8,371
	<u>222,834</u>		<u>16,644</u>
	<u>222,834</u>		<u>16,644</u>
31 December 2021	Amount <i>RMB'000</i>	ECL rate	Allowance for ECL <i>RMB'000</i>
Trade receivables aged:			
Within 180 days	88,990	0.89%	791
181 days to 1 year	35,346	2.68%	946
1 to 2 years	47,183	4.64%	2,188
2 to 3 years	13,068	14.83%	1,938
	<u>184,587</u>		<u>5,863</u>
	<u>184,587</u>		<u>5,863</u>

17. CONTRACT ASSETS

	31 December 2022	31 December 2021	1 January 2021
Contract assets	118,817	66,676	42,277
Less: allowance for ECL	(1,787)	(1,574)	(368)
	117,030	65,102	41,909
Classified as:			
Current assets	113,178	64,066	40,507
Non-current assets	3,852	1,036	1,402
	117,030	65,102	41,909

Contract assets are initially recognised for revenue earned from software development services as the receipt of consideration is conditional on the successful acceptance by the customers. Upon completion of the contracts and acceptance by the customer, the amounts recognised as contract assets are reclassified to trade receivables. The increase in contract assets in 2022 and 2021 were the result of the increase in software development services at the end of the year.

The movements in the allowance of ECL of contract assets are as follows:

	2022	2021
	<i>RMB'000</i>	<i>RMB'000</i>
Balance as at 1 January	1,574	368
Allowance of ECL recognised during the year	213	1,206
Balance as at 31 December	1,787	1,574

An impairment analysis is performed at each reporting date using a loss rate approach to measure ECL. The loss rates for the measurement of the ECL of the contract assets are based on those of the trade receivables as the contract assets and the trade receivables are from the same customer bases. These loss trends determined by referencing to credit rating data are then adjusted for current conditions and expectations about the future. The calculation reflects the probability-weighted outcome, the time value of money and reasonable and supportable information that is available at the reporting date about past events, current conditions and forecasts of future economic conditions.

Set out below is the information about the credit risk exposure on the Group's contract assets based on loss-rate statistics:

	2022	2021
ECL rate	1.5%	2.36%
Gross carrying amount (RMB'000)	118,817	66,676
Allowance of ECL (RMB'000)	1,787	1,574

18. TRADE PAYABLES

The aging analysis of trade payables at the end of the reporting periods, based on the invoice date is as follows:

	2022	2021
	<i>RMB'000</i>	<i>RMB'000</i>
Within 3 months	3,854	10,345
3 to 6 months	1,667	–
6 months to 1 year	2,537	1,306
Over 1 year	15,608	–
	23,666	11,651

CHAIRMAN’S STATEMENT

Dear Shareholders,

Looking back on the bumpy journey in 2022 where the international environment was full of turmoil and China’s reform, development and stability tasks were arduous, IT service-related industries suffered setbacks as a result of the impact of the COVID-19 pandemic. Inevitably, the Group’s road to business development was uneven, with difficulties to be solved urgently and obstacles to be overcome. Despite the uneven road ahead, we have withstood the challenge. In 2022, although the Group’s business was adversely affected by various factors including the prolonged project implementation as a result of the ongoing COVID-19 pandemic, which led to increased cost and extended customer payment cycle, the Group managed to maintain an accelerated growth in performance and achieve an increase in net profit with persistent and rapid growth in revenue. Specifically, revenue increased by 26.6% to RMB260.6 million from RMB205.8 million in 2021, and net profit increased by 33.8% to RMB17.4 million from RMB13.0 million in 2021. In addition, since its listing, the Group has continuously invested heavily in research and development. On the one hand, it has invested in the research and development of corresponding solutions and software products according to the utilization plan of the proceeds; and on the other hand, it has also speeded up to invest heavily in the research and development of technologies related to artificial intelligence and big data analysis. In 2022, the Group’s research and development expenses were RMB19.1 million, representing a significant increase of 114.6% from RMB8.9 million in 2021. The continuous substantial investment in research and development of innovative products and technologies enabled the Group to be poised to achieve sustained and rapid development in the future while ensuring its profit growth.

In 2022, the Group continued to focus on increasing investment in the research and development of artificial intelligence and big data solutions and its promotion of the same in various industries. Revenue from our innovative solutions powered by artificial intelligence and big data analysis technologies recorded a year-on-year increase of 9.6% from RMB119.1 million to RMB130.5 million, accounting for 50.1% of total revenue in 2022. The Group successively launched various artificial intelligence and big data solutions and products including the “Medical Quality Control and Safety Warning System V6.0”, the “Medical Document Data Structured and Management Platform V5.0” and the “AI-based Structured Medical Record Quality Comprehensive Management Platform V5.0”. At the same time, the products independently developed by the Group have also been recognized by third parties such as industry experts and the market. Our “Newlink Technology Stock Investment Automation Approval RPA Application Case” won the “‘Smart Craftsman’ RPA Excellent Case of 2022 (2022「智匠」RPA 優秀案例)”; our “Newlink RPA V4.0” and “Newlink RPA Integrated Machine V4.0” has successfully obtained the joint certification certificate issued by the General Software and Hardware Adaptation Certification Center; our representative series products including Newlink RPA series products and medical document structuring and data platform of Newlink Technology debuted at the “2022 World Artificial Intelligence Conference” held in Shanghai in September 2022; our “Medical Document Data Structure and Management Platform” was awarded the “2022 Product Innovation Award”; and I was also honored as one of the “Digital Drivers of the Year in 2022” due to my continuous and in-depth cultivation in the field of digitalization.

In 2022, the Group further expanded its presence in the market of Southwest China through establishment of Chengdu Newlink Technology Co., Ltd. and acquisition of Beijing Neusoft Yuetong Software Technology Co., Ltd. (“**Neusoft Yuetong**”), aiming to expand its customer base in finance, transportation and logistics fields, also to enhance the Company’s strength in SaaS service sector, and improve its technology R&D capabilities. With the rapid development of the Group’s business and the continuous expansion of its business scale, the currently leased office premise can no longer meet the needs of our further development. At the end of 2022, taking into account various factors such as maximizing cost-effectiveness, enhancing its own risk tolerance, optimizing asset structure and introducing outstanding talents, the Group officially entered into a contract to purchase office premise in Chengdu, thus providing a strong guarantee for its future development. The purchase of new office premise marked that the development of Newlink Technology has reached a new level and entered the period of rapid development.

In 2023, the Group will continue to optimize its process, motivate the organization, recruit talents, guide the market development and capability enhancement in terms of culture and mechanism, and build a disciplined workforce which is dedicated to and capable of achieving continuous success. In 2023, we will further improve the Group’s management model and improve various control mechanisms to promote business development. In 2023, we shall dare to grasp the opportunities for digital economic development brought about by the social and economic recovery, continue to innovate and forge ahead; and through market development, we will prove our capabilities, improve our products, deepen our solutions and advance our core technologies. In 2023, we are full of confidence that Newlink Technology, as an influential artificial intelligence and big data solution service provider in China, will make unremitting efforts to actively embrace new opportunities and challenges, act as a good promoter and practitioner of innovation, and create long-term value for our investors.

Mr. ZHAI Shuchun

Chairman and Chief Executive Officer

31 March 2023

BUSINESS REVIEW AND OUTLOOK

Overview

As a leading technology-driven IT solution service provider based on its independently developed software products in China, Newlink Technology has long been focusing on the application of innovative IT solutions, which concentrate on the application of advanced technology innovations such as artificial intelligence and big data analysis, in various fields, and continuously provide high value-added IT solution services to customers in both specific and general industries. On the one hand, the Company continues to maintain its product and service advantages in specific industries such as finance, medical care and transportation. On the other hand, with the Company's continuous deployment in the SaaS service sector and the implementation of the strategy to vigorously research and develop innovative solutions, the innovative IT solution service business demonstrates strong development momentum and remarkable market competitive advantages.

In 2022, as the Group's business was adversely affected by various factors including the prolonged project implementation as a result of the ongoing COVID-19 pandemic, which led to further increased cost contribution and extended customer payment cycle, cost of sales increased by 45.0% from RMB131.1 million in 2021 to RMB190.1 million in 2022. However, the Group has withstood the challenge, maintained an accelerated development of its performance and achieved growth in both revenue and net profit. Specifically, revenue achieved a rapid increase of 26.6% from RMB205.8 million in 2021 to RMB260.6 million. Under the combined effect of the substantial increase in revenue from its principal business and the realization of fair value gain on equity investments at fair value through profit or loss, net profit increased by 33.8% from RMB13.0 million in 2021 to RMB17.4 million.

In 2022, consistently regarding the traditional IT solution service business as its foundation, the Group further expanded its service coverage to customers in the fields of transportation and logistics on top of providing high-quality services to customers in the financial industry. In addition, the Group accelerated investment in the research and development of innovative products and technologies, and, while consolidating its market positioning as an artificial intelligence and big data solution service provider, poised itself to achieve sustained and rapid development of innovative solutions in the future to expand its leading edge in the industry. In 2022, the Group achieved growth in revenue from both innovative solutions and traditional IT solutions. Specifically, revenue from our innovative solutions powered by artificial intelligence and big data analysis technologies recorded a year-on-year increase of 9.6% from RMB119.1 million to RMB130.5 million, accounting for 50.1% of total revenue in 2022; and revenue from our traditional IT solutions recorded a year-on-year increase of 50.1% from RMB86.7 million to RMB130.1 million, accounting for 49.9% of total revenue in 2022. In 2022, the Group's research and development expenses was RMB19.1 million, representing a significant increase of 114.6% from RMB8.9 million in 2021. The Group adhered to the development of artificial intelligence and big data as the core technological support to guide solutions, thereby accumulating strength for its sustained and rapid development in the future.

In 2022, through acquisition of Neusoft Yuetong, the Group expanded its customer base in the financial, transportation and logistics fields, enhanced the Company's strength in SaaS service sector and improve its technology R&D capabilities. In addition, the Group newly established a holding subsidiary Chengdu Newlink Technology Co., Ltd., and by comprehensively taking into account various factors such as maximizing cost-effectiveness, enhancing its own risk tolerance and further developing the market in Southwest China, Beijing Newlink, a wholly-owned

subsidiary of the Group, purchased office premise in Chengdu to establish main office area and R&D center centralized in Chengdu and ramify through Midwest and Southwest China, in order to attract more outstanding talents, enhance its resilience to risks, optimize its asset structure and exercise effective control over R&D costs, thereby providing a strong guarantee for the rapid development of the Group in the future.

Outlook

With the continuous optimization of and adjustment to the pandemic prevention policy at the end of 2022, the pandemic which had lingered on for three years has come to an end. With the gradual recovery of the social economy, in 2023, the development of the IT service industry is set to be full of new opportunities, and will also give us the opportunity to capitalize on new development conditions. In 2023, we will make great strides to catch up with our development plan that was forced to be delayed due to the pandemic, seize the market opportunities brought by the social and economic recovery, and unwaveringly adhere to the direction of focusing on customer needs and helping customers reduce costs and increase efficiency. We will adhere to continuous innovation, and will continue to improve the coordinated operation capability of research and development, promotion and service of innovative technology. Consistently regarding the traditional IT solution service business as its foundation, the Group will accelerate the promotion of wider application of innovative IT solutions and expand its leading edge of innovative products in the industry.

In 2023, the Group will further optimize its process, motivate the organization, recruit talents and accelerate the pace of coordinated development among subsidiaries. By carrying out integrations in various aspects including corporate governance, corporate culture, business operation, technology research and development, financial and human resource management, the Group will optimize its asset structure, strengthen its cost control, give full play to its advantages of complementary resources, accelerate the research and development of more innovative technology applications while effectively converting and promoting competitive products among different customer groups, thereby consolidating its market positioning as an artificial intelligence and big data solution service provider and rapidly improving its overall profitability.

FINANCIAL REVIEW

Revenue

During the Reporting Period, the Group derived all revenue from the IT solution service business. The IT solution service business of the Group is to provide customers with various solutions comprising software development services, technical and maintenance services, sales of standard software and other services and products by applying IT technology according to their needs. Depending on the specific application technology, the Group's IT solutions can be divided into traditional solutions and innovative solutions, among which innovative solutions are solutions powered by key technologies such as artificial intelligence and big data analysis. During the Reporting Period, the Group's innovative solutions were applied not only in specific industries such as finance, medical care and transportation, but also in general industries; while its traditional solutions were mainly used in the finance industry and transportation industry.

In 2022, the Group recorded a revenue of RMB260.6 million, representing an increase of 26.6% from RMB205.8 million in 2021, and achieved growth in revenue from both innovative solutions and traditional IT solutions. The increase in the Group's revenue in 2022 was mainly because (1) revenue from our innovative solutions powered by artificial intelligence and big data analysis technologies recorded a year-on-year increase of 9.6% from RMB119.1 million to RMB130.5 million, accounting for 50.1% of total revenue in 2022; and (2) revenue from our traditional IT solutions recorded a year-on-year increase of 50.1% from RMB86.7 million to RMB130.1 million, accounting for 49.9% of total revenue in 2022. The rapid growth of revenue from the Group's traditional IT solutions in 2022 was mainly due to the addition to revenue of RMB31.8 million following the Group's expansion of its business presence in the industry, coupled with the fact that the continuous growth of innovative solutions also enabled it to maintain the trend of its contribution accounting for more than half to total revenue for the year.

The following analysis sets forth a breakdown of our revenue for the year of 2021 and 2022, respectively^{Note}.

Software development services

Our revenue from software development services increased by 7.4% from RMB155.7 million in 2021 to RMB167.2 million in 2022. Among the revenue from software development services, revenue from innovative solutions amounted to RMB84.8 million, accounting for 50.7% of our revenue from software development services. During the Reporting Period, the Group's innovative solutions that generate revenue through the software development service model mainly include Robotic Process Automation ("RPA") solutions, smart park solutions, medical and health care big data intelligent management solutions and solution services powered by a series of technologies such as data mining and analysis, cloud – based computing, distributed database management, intelligent control, knowledge graph and deep learning, which were sold to financial institutions, medical institutions, large sized state-owned and private enterprises, etc.

Technical and maintenance services

Our revenue from technical and maintenance services in 2022 amounted to RMB50.6 million, representing a substantial increase of 195.9% from RMB17.1 million in 2021, which was mainly due to the relatively small amount of this type of income recorded by the Group in the same period of last year, and the relatively high increase in revenue from technology and maintenance service as a result of the Group's application of innovative technologies and service models in 2022.

Sale of standard software

Our revenue from sales of standard software increased by 29.8% from RMB32.9 million in 2021 to RMB42.7 million in 2022. Among the revenue from sales of standard software, revenue from its innovative solutions amounted to RMB41.1 million, accounting for 96.3% of our revenue from sale of standard software. During the Reporting Period, the Group's innovative solutions that generate revenue through the sales of standard software mainly include products such as the standardized RPA platform, the medical quality control and safety warning platform, and the intelligent healthcare platform.

Note: In 2022, the Group maintained its revenue classification method adopted in 2021, and presented its revenue breakdown by software development services, technical and maintenance services, and sales of standard software.

Cost of sales

Our cost of sales increased by 45.0% from RMB131.1 million in 2021 to RMB190.1 million in 2022, mainly due to the increase in technical staff and remuneration, the prolonged project implementation as a result of the long-term impact of the novel coronavirus (COVID-19) pandemic, the increase in cost investment as well as the increased procurement scale of hardware and software to accelerate the promotion of our innovative solutions.

Gross profit and gross profit margin

Our gross profit decreased by 5.5% from RMB74.6 million in 2021 to RMB70.5 million in 2022. Our gross profit margin decreased from 36.3% in 2021 to 27.1% in 2022, mainly attributable to the slower year-on-year growth of our revenue in 2022 as compared with that of our cost of sales.

Other income and gains

In 2022, the Group's other income and gains were RMB10.7 million, representing a substantial increase of 205.7% as compared with 2021, which was mainly due to the increase in bank interest income, value-added tax rebates and other tax subsidies, as well as the exemption of new trade payables and exchange gains.

Fair value gain on equity investments at fair value through profit or loss

In 2022, the Group recorded an increase in fair value gain on equity investments at fair value through profit or loss of a total of RMB14.0 million, which was mainly due to gains on change in fair value of the 19.8% equity interest held in Beijing Fuhuajiaxin Business Incubator Company Limited.

Change in fair value of contingent consideration

In 2022, the Group recorded an increase in change in fair value of contingent consideration of a total of RMB2.7 million, which was mainly due to the fact that the newly acquired subsidiary Neusoft Yuetong failed to fulfill its performance guarantee for the year of 2022.

Selling and distribution expenses

Our selling and distribution expenses remained relatively stable as compared with 2021, slightly increasing by 6.2% from RMB11.3 million in 2021 to RMB12.0 million in 2022. The increase in selling and distribution expenses was basically in line with the increase in revenue.

Administrative expenses

In 2022, our administrative expenses remained relatively stable as compared with 2021, slightly decreasing by 8.0% from RMB31.2 million in 2021 to RMB28.7 million in 2022. The decrease in administrative expenses was mainly due to the decrease in listing expenses and post-listing intermediary fees.

Research and development expenses

In 2022, our research and development expenses were RMB19.1 million, representing an increase of 114.6% from RMB8.9 million in 2021. The increase in research and development investment of the Group in 2022 was mainly due to the increase of 89 research and development employees as at the end of 2022 as compared with that as at the end of 2021, as well as our increased investment in hardware and software equipment required by the research and development work. Since its listing, the Group has continuously invested heavily in research and development. On the one hand, it has invested in the research and development of corresponding solutions according to the utilization plan of the raised funds; and on the other hand, it has also accelerated in terms of investing heavily in the research and development of technologies related to artificial intelligence and big data analysis. As of the end of 2022, the Group had a total of 173 items of software copyrights, including 18 items of software copyrights newly formed by developing or upgrading innovative solutions in 2022, accounting for 78.3% of the total 23 items of software copyrights newly developed in 2022.

Other expenses

In 2022, our other expenses amounted to RMB11.5 million, representing an increase of 33.7% from RMB8.6 million in 2021, mainly due to the increase in depreciation of fixed assets, amortisation of intangible assets and impairments of accounts receivable.

Finance costs

In 2022, our finance costs remained relatively stable as compared with 2021, slightly increasing from RMB1.1 million in 2021 to RMB1.3 million, mainly due to the increase in interest on bank borrowings.

Profit before tax

As a result of the foregoing, we recorded profit before tax of RMB20.8 million in 2022, representing an increase of 22.4% from RMB17.0 million in 2021.

Income tax expense

Our income tax expenses decreased by 15% from RMB4.0 million in 2021 to RMB3.4 million in 2022, mainly due to the decrease in income tax expense as a result of the impact of different tax rates promulgated by specific jurisdictions or local authorities and the impact of the increase in non-taxable income.

Profit for the year

Our net profit increased by 33.8% from RMB13.0 million in 2021 to RMB17.4 million in 2022. In 2022, although the Group's business was adversely affected by various factors including the prolonged project implementation as a result of the ongoing COVID-19 pandemic, which led to increased cost contribution and extended customer payment cycle, the Group's business managed to maintain a high-speed development. The persistently rapid increase in revenue and the continuously heavy investment in research and development of innovative products enabled the Group to gain strength for future sustained and rapid development while ensuring profit growth.

Liquidity, capital resources and capital structure

In 2022, our primary uses of cash were to fund our working capital requirements and research and development of our IT solutions. We financed our capital expenditures and working capital requirements principally with cash generated from our operations and bank borrowings.

Our bank borrowings as of 31 December 2022 amounted to RMB19 million, of which RMB9.55 million became mature on 12 January 2023, with fixed interest rate of 4.6% per annum, RMB5.45 million became mature on 10 February 2023, with fixed interest rate of 4.6% per annum, and RMB4.00 million became mature on 21 January 2023, with fixed interest rate of 3.55% per annum. All of our bank borrowings were primarily used for our daily operation and business expansion.

The Group continued to maintain a healthy and sound financial position. Our net current assets decreased from approximately RMB768.3 million as of 31 December 2021 to approximately RMB689.9 million as of December 31, 2022, which was mainly due to the decrease in balance of cash and cash equivalents and the increase in balance of trade payables and bank borrowings.

Exposure to exchange rate fluctuation

For the year ended 31 December 2022, most of the Group's monetary assets were mainly denominated in Hong Kong dollars and Renminbi. Exchange rates are affected by local and international economic developments and political changes, as well as the supply and demand of Renminbi. Any appreciation or depreciation of Renminbi against Hong Kong dollars may affect the Group's results. The Group currently has not implemented any foreign currency hedging policy, but the management will closely monitor the risks and will consider the hedging of significant foreign currency risks when necessary.

Commitments

The Group has various contracted, but not provided short-term lease commitments at the end of 31 December 2022 (2021: future lease payments of RMB0.3 million for such non-cancellable lease contracts). The future lease payments for these non-cancellable lease contracts are RMB0.5 million due within one year.

Contingent Liabilities

As of 31 December 2022, we did not have any material contingent liability, guarantee or any litigation or claim of material importance, pending or threatened against any member of our Group.

Future plans for material investments and capital assets

Save as disclosed in this announcement, as of 31 December 2022, we did not have other substantial future plans for material investments and capital assets.

Material acquisitions and disposals of subsidiaries and affiliated companies

On 20 June 2022, Newlink Technology (Beijing) Co., Limited (“**Newlink Technology Beijing**”), a wholly-owned subsidiary of the Company, entered into an equity transfer and capital increase agreement with shareholders of Neusoft Yuetong (the “**Target Company**”) (the “**Sellers**”) and the Target Company (the “**Neusoft Yuetong Acquisition**”), pursuant to which Newlink Technology Beijing has conditionally agreed to purchase, and the Sellers have conditionally agreed to sell, 100% equity interest in the Target Company, and Newlink Technology Beijing has conditionally agreed to make a capital increase to the Target Company, and in this regard, Newlink Technology Beijing agreed: (1) to pay the Sellers the equity transfer consideration of RMB80,000,000 in total (subject to the performance compensation arrangement); (2) to succeed the capital contribution obligations of RMB7,430,769 for the Unpaid Registered Capital in the equity interest transferred by Dai Linlin, being one of the Sellers; and (3) to make a capital increase of RMB18,000,000 to the Target Company. The performance guarantee sellers (being the sellers other than Dai Linlin) undertook to Newlink Technology (Beijing) that the Target Company’s revenue from principal business and net profit for financial years of 2022, 2023 and 2024 shall not be less than the performance targets. The actual net profit of the Target Company is the after tax net profit attributable to shareholders of the parent company before or after deducting nonrecurring gains and losses in the consolidated audited statements of the target group (the Target Company and its subsidiaries) confirmed by a qualified accounting firm, whichever is lower. For the year ended 31 December 2022, the Target Company recorded the revenue from principal business of RMB63,528,000 and the actual net loss of RMB5,052,379.81. As of 31 December 2022, based on the actual revenue from principal business and net profit achieved by Neusoft Yuetong in the year of 2022, the performance guarantee sellers have not fulfilled the performance guarantee for the year pursuant to the relevant terms of the performance guarantee. The Company will closely monitor the performance guarantee. Upon the expiry of the performance guarantee period, the performance guarantee seller shall make compensation based on the agreed calculation formula. For details, please refer to the announcement of the Company dated 20 June 2022.

(In RMB0’000)

Financial Year	2022	2023	2024	Total
Guaranteed revenue from principal business	6,000	7,200	8,640	21,840
Guaranteed net profit	<u>300</u>	<u>450</u>	<u>675</u>	<u>1,425</u>

On 14 December 2022, Newlink Technology Beijing, entered into an equity transfer agreement with Guanruitong and Mr. Zhai Shuchun regarding the transfer of 100% equity interests in Jiafutong, pursuant to which Newlink Technology Beijing agreed to sell and Guanruitong agreed to purchase 100% equity interests in Jiafutong in accordance with the terms and conditions of the equity transfer agreement with a total consideration of RMB54.37 million (subject to the performance compensation arrangement). After the completion of the transaction contemplated under the equity transfer agreement, Newlink Technology Beijing no longer holds any equity interest in Jiafutong, thus the Company will no longer indirectly hold any equity interest in Jiafutong. Jiafutong will cease to be a subsidiary of the Company. For details, please refer to the announcement of the Company dated 14 December 2022.

Save as disclosed above, in 2022, we did not have any material acquisitions or disposals of subsidiaries and affiliated companies.

Significant investments

In 2022, we did not hold any significant investments nor made any significant acquisition of capital assets.

Charge on Group's assets

As of 31 December 2022, we had no charges on our assets.

Principal Risks and Uncertainties

Due to the long-term impact of the novel coronavirus (COVID-19) pandemic, the implementation period of our projects has been extended with increased cost investment. In addition, some of our customers were in industries where digitisation investment was slowing down and customer payment approval and payment cycle were extended, which also exposed us to credit risks of our customers, and our outstanding trade receivables and trade receivables turnover days remained at a relatively high level. As of 31 December 2021 and 31 December 2022, our trade receivables amounted to RMB178.7 million and RMB206.2 million, respectively. Our trade receivables turnover days in 2021 and 2022 were 264 days and 270 days, respectively. We recorded a large amount of receivables from certain customers with whom we have maintained a long-term business relationship, primarily including top-tier banks, trust companies, asset management companies and Class III Grade A hospitals, which are in good standing and have strong creditworthiness. However, such customers normally have stricter internal payment and settlement processes in addition to the long-term impact of the pandemic, which have led to a longer payment cycle of such customers.

We have constantly improved our cash flow position by (1) maintaining strict control over our outstanding trade receivables and minimizing credit risk exposure; (2) implementing detailed polices covering reimbursement management, cash management, budget management and credit management; (3) constantly refining our fund management and detailing our use of fund; (4) improving employees' productivity through regular training and optimized staff allocation; and (5) obtaining bank facilities to supplement our working capital.

Key Financial and Business Performance Indicators

The key financial and business performance indicators comprise profitability growth and return on equity.

Our return on equity increased from 1.6% for 2021 to 2.0% for 2022, primarily due to the increase in net profit.

Our gearing ratio increased from 0.6% as of 31 December 2021 to 2.2% as of 31 December 2022, primarily due to the substantial increase in trade payables, bank borrowings, lease liabilities and contingent liabilities. The calculation of gearing ratio is based on total borrowings divided by total equity as of year end and multiplied by 100.0%.

OTHER INFORMATION

Use of Proceeds

The Shares in issue of the Company were listed on the Main Board of the Stock Exchange on 6 January 2021, whereby 200,000,000 new Shares were issued at the offer price of HK\$4.36 per share by the Company. After deduction of 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 (representing net proceeds of HK\$3.952 per new Share) (the "IPO Proceeds").

In order to better utilize the financial resources of the Group and to capture favourable investment opportunities, the Board has reviewed the utilization of the IPO Proceeds and resolved to reallocate not more than HK\$71 million of the surplus to pay the equity transfer consideration, to make the capital increase payment and to fulfill or pay capital contribution obligations for the acquisition of Neusoft Yuetong (the “**Re-allocation**”). For further details, please refer to the announcement of the Company dated 20 June 2022.

The following table sets forth the details of the use of the IPO Proceeds during the Reporting Period:

	Original allocation of the IPO Proceeds		Allocation of the IPO Proceeds after Re-allocation		Utilized amount during the Reporting Period	Unutilized amount as at 31 December 2022	Expected timeline for the use of unutilized proceeds ⁽¹⁾
	Percentage	Amount <i>HK\$ million</i>	Percentage	Amount <i>HK\$ million</i>	<i>HK\$ million</i>	<i>HK\$ million</i>	
For developing new solutions and upgrading existing solutions	80.0%	632.3	72.80%	575.5	183.2	311.8	
- to develop and upgrade our medical quality control and safety warning system	20.0%	158.1	18.20%	143.9	20.7	108.1	
- to develop our clinical pathway management system	20.0%	158.1	18.20%	143.9	60.1	76.8	
- to develop our telemedicine system	10.0%	79.0	9.10%	71.9	23.6	46.1	
- to develop a new solution of intelligent healthcare platform	10.0%	79.0	9.10%	71.9	25.8	29.2	By December 2025
- to upgrade our RPA solution	20.0%	158.1	18.20%	143.9	53.0	51.6	
For enhancing the sales and marketing efforts	10.0%	79.1	9.10%	72	12.6	45.3	
For working capital and other general corporate purposes	10.0%	79.0	9.10%	71.9	7.4	0.0	
Funds planned for the acquisition of Neusoft Yuetong			9%	71	71	0.0	
Total	100.0%	790.4	100.0%	790.4	274.2	357.1	

Notes:

- (1) 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) On 7 January 2022, the Board resolved to use no more than RMB100 million from the idle IPO Proceeds that are expected to remain idle for more than one year to subscribe for principal-protected short-term structured deposit products from qualified financial institutions subject to the following conditions: neither the amount of any single structured deposit product subscribed by the Group nor the aggregate balance of the unmatured structured deposit products held by the Group at any time shall exceed RMB100 million. The proceeds to be generated from such subscribed structured deposit products will be used for the same purpose as the use of the IPO Proceeds. Term of any single principal-protected short-term structured deposit product subscribed by the Group shall not exceed six months. For further details, please refer to the announcement of the Company dated 7 January 2022. Apart from this, the IPO Proceeds will be allocated and utilised progressively for the purposes set out in the Prospectus.

- (3) On 7 January 2022, Beijing Newlink used RMB100 million from the idle IPO Proceeds to subscribe for the principal-protected floating structured deposit issued by Bank of Ningbo Co., Ltd. for a term of 91 days.
- (4) Any discrepancy arising in the decimal figures in the table above is due to the effect of rounded figures.
- (5) In 2022, the Group used a relatively high amount from the IPO Proceeds to invest in the research and development of its clinical pathway management system, which was mainly due to the centralised purchase of a batch of software and hardware equipment for the research and development of the project. Such batch of equipment is expected to be continuously used in the project till the end of 2025. Since its listing, the Group has continued to invest in upgrading our RPA solution at a high speed according to market demand and development needs, aiming to adapt itself to the rapid development of PRA technology updates worldwide. Therefore, the portion of the IPO Proceeds originally expected to be used to upgrade our RPA solution has been used in an accelerated manner. If such portion of the IPO Proceeds is used up ahead of the original schedule, the Group will continue such investment with its own or self-raised funds.

Employees, Training and Remuneration Policies

As of 31 December 2022, the Group had 752 employees. The staff costs including Directors' emoluments were approximately RMB119.7 million in 2022.

Remuneration of the Group's employees includes basic salary, bonuses and cash subsidies. We determine our employees' compensation based on each employee's performance, qualifications, position and seniority.

We adopted the Post-IPO Share Option Scheme on 5 December 2020, which falls within the ambit of, and is subject to, the regulations under Chapter 17 of the Listing Rules. The purpose of the Post-IPO Share Option Scheme is to provide incentives and rewards to eligible persons for their contribution to, and continuing efforts to promote the interest of the Group.

We recognize the importance of keeping the Directors updated with the latest information of duties and obligations of a director of a company whose shares are listed on the Stock Exchange and the general regulatory and environmental requirements for such listed company. To meet this goal, we are committed to our employees' continuing education and development. We provide pre-employment and regular continuing trainings to our employees, which we believe are effective in equipping them with the skill set and work ethics that we require. Also, we continuously provide comprehensive trainings to our technical staff, equipping them with knowledge and skills to perform a variety of functions on different projects and allowing us to quickly find qualified and suitable replacement internally in the event of employee's demission.

Pre-Emptive Rights

There are no provisions for pre-emptive rights under the articles of association of the Company or the laws of Cayman Islands, which would oblige the Company to offer new shares on a pro-rata basis to its existing shareholders.

Purchase, Sale or Redemption of the Company's Listed Securities

Neither the Company nor any of its subsidiaries had purchased, sold, or redeemed any of the Company's listed securities during the year ended 31 December 2022.

Final Dividend

The Board recommends the payment of a final dividend of HK\$0.04 per ordinary share of the Company for the year ended 31 December 2022 (the “**Final Dividend**”). The Final Dividend is subject to the approval of shareholders at the annual general meeting to be held on 9 June 2023 (the “**AGM**”) and is expected to be paid on or about 13 July 2023 to shareholders whose names appear on the Company’s share register at the close of business on 20 June 2023.

CLOSURE OF REGISTER OF MEMBERS

For determining the entitlement to attend and vote at the AGM, the register of members of the Company will be closed from Tuesday, 6 June 2023 to Friday, 9 June 2023 (both days inclusive), during which period no transfer of shares of the Company will be registered. In order to be eligible to attend and vote at the AGM, all properly completed transfer forms accompanied by the relevant share certificates must be lodged with the Company’s share registrar in Hong Kong, Computershare Hong Kong Investor Services Limited, at Shops 1712–1716, 17th Floor, Hopewell Centre, 183 Queen’s Road East, Wanchai, Hong Kong, for registration not later than 4:30 p.m. on Monday, 5 June 2023.

For determining the entitlement to receive the proposed Final Dividend, the register of members of the Company will be closed from Friday, 16 June 2023 to Tuesday, 20 June 2023 (both days inclusive), during which period no transfer of shares will be effected. In order to qualify for the Final Dividend, all transfers accompanied by the relevant share certificates must be lodged with the Company’s Hong Kong Share Registrar and Transfer Office, Computershare Hong Kong Investor Services Limited, at Shops 1712–1716, 17th Floor, Hopewell Centre, 183 Queen’s Road East, Wan Chai, Hong Kong no later than 4:30 p.m. Thursday, 15 June 2023. Shareholders whose names appear on the register of members of the Company on Tuesday, 20 June 2023 shall be entitled to receive the Final Dividend.

Sufficiency of Public Float

According to the information that is publicly available to the Company and within the knowledge of the Board, as at the date of this announcement, the Company has maintained the public float as required under the Listing Rules.

Compliance with Corporate Governance Code

The Group is committed to maintaining high standards of corporate governance. The Board believes that good corporate governance standards are essential in providing a framework for the Company to safeguard the interests of its shareholders and corporate value, formulate its business strategies and policies, and enhance its transparency and accountability.

Pursuant to code provision C.2.1 of the Corporate Governance Code (the “**CG Code**”) of the Appendix 14 to the Listing Rules, companies listed on the Stock Exchange are expected to comply with, but may choose to deviate from the requirement that the responsibilities between the chairman and the chief executive officer should be segregated and should not be performed by the same individual. The roles of the Chairman and the CEO are held by Mr. Zhai Shuchun (“**Mr. Zhai**”). With extensive experience in the information technology industry, Mr. Zhai is responsible for the overall strategic planning and general management of the Group and is instrumental to our growth and business expansion. The Board considers that vesting the roles of chairman and chief executive officer in the same person is beneficial to the management of the Group and ensures consistent leadership within the Group and enables more effective and efficient overall strategic planning for the Group. The Board considers that the balance of power and authority will not be impaired and this structure will enable the Company to make and implement decisions promptly and effectively. In light of the above, the Board considers that the deviation from code provision C.2.1 of the CG Code is appropriate in the circumstances of the Company.

The Company has adopted all the applicable principles and code provisions set out in the CG Code as the basis of the Group’s corporate governance practices. Save as disclosed in this announcement, the Group has complied with the CG Code throughout the year ended 31 December 2022. The Company will periodically review on its corporate governance policies and will propose any amendment, if necessary, to ensure compliance with the CG Code effective from time to time.

Compliance with the Model Code for Securities Transactions

The Company has adopted the Model Code for Securities Transactions by Directors of Listed Issuers (the “**Model Code**”) as set out in Appendix 10 to the Listing Rules as a code of conduct of the Company regarding Directors’ securities transactions. Having made specific enquiries of all Directors, each of the Directors has confirmed that he/she has complied with the requirements of the Model Code for the year ended 31 December 2022.

Audit Committee and Review of Financial Information

The audit committee of the Board (the “**Audit Committee**”) (comprising three independent non-executive Directors, namely, Mr. Ye Jinfu (the chairman of the Audit Committee), Mr. Tang Baoqi and Ms. Yang Juan) has reviewed with the management of the Company the consolidated financial statements of the Company for the year ended 31 December 2022. The Audit Committee has also reviewed the accounting policies and practices adopted by the Company and discussed matters in relation to, among others, risk management, internal control and financial reporting of the Group with the management and the auditor of the Company. Based on this review and discussions with the management, the Audit Committee was satisfied that the Group’s consolidated financial statements were prepared in accordance with applicable accounting standards and fairly present the Group’s financial position and results for the year ended 31 December 2022.

Scope of Work of CCTH CPA Limited

The figures in respect of the Group’s consolidated statement of financial position, consolidated statement of profit or loss and other comprehensive income and the related notes thereto for the year ended 31 December 2022 as set out in this announcement have been agreed by the Group’s auditor, CCTH CPA Limited, to the amounts set out in the Group’s draft consolidated financial statements for the year. The work performed by CCTH CPA Limited in this respect did not constitute an assurance engagement in accordance with Hong Kong Standards on Auditing, Hong Kong Standards on Review Engagements or Hong Kong Standards on Assurance Engagements issued by the Hong Kong Institute of Certified Public Accountants and consequently no assurance has been expressed by CCTH CPA Limited on this announcement.

Events after the Reporting Period

On 17 January 2023, Nebula SC Holdings Limited (“**Nebula SC**”), a limited company wholly-owned by Mr. Zhai Shuchun entered into the Bought and Sold Notes and the Instrument of Transfer with Mr. Zhai Guanhua, to sell 27,000,000 shares of the Company at the price HK\$2.020 per share to Mr. Zhai Guanhua, representing approximately 3.43% of the total issued shares of the Company. Upon completion Mr. Zhai Shuchun held a total of 327,600,000 shares through Nebula SC, which will be reduced to 300,600,000 shares, representing approximately 38.22% of the total issued shares of the Company. Mr. Zhai Shuchun and Nebula SC will continue to be the controlling shareholders of the Company. Details of the transaction are set out in the Company’s announcement dated 17 January 2023.

On 22 February 2023, Beijing Newlink entered into a strategic cooperation framework agreement for a period of one year with CP Culture Development Co., Ltd. (正大文化發展有限公司) pursuant to which the parties shall jointly establish multi-dimensional and in-depth cooperation to facilitate the application of big data analytics and AI technologies in cultural and arts industry by giving full play to their respective advantages in the industry and technology in the fields of cooperation based on the principles of “voluntariness, equality, mutual benefits and inclusiveness”. Details of the transaction are set out in the Company’s announcement dated 22 February 2023.

Save as disclosed above and elsewhere in these consolidated financial statements, the Group had no material events occurred subsequent to 31 December 2022 and up to the date of this announcement.

PUBLICATION OF ANNUAL RESULTS ANNOUNCEMENT AND ANNUAL REPORT

This announcement is published on the website of the Stock Exchange (www.hkexnews.hk) and the Company’s website (www.xnewtech.com). The annual report of the Company for the year ended 31 December 2022 will be dispatched to the shareholders and published on the aforesaid websites in due course.

APPRECIATION

On behalf of the Board, I would like to thank all our colleagues for their diligence, dedication, loyalty and integrity. I would also like to thank all our shareholders, customers, bankers and other business associates for their trust and support.

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

Beijing, the PRC, 31 March 2023

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. YE Jinfu.