

Hong Kong Exchanges and Clearing Limited and The Stock Exchange of Hong Kong Limited take no responsibility for the contents of this announcement, make no representation as to its accuracy or completeness and expressly disclaim any liability whatsoever for any loss howsoever arising from or in reliance upon the whole or any part of the contents of this announcement.

This announcement appears for information purposes only and does not constitute an invitation or offer to acquire, purchase or subscribe for the securities.



NEWLINK TECHNOLOGY INC.

新紐科技有限公司*

(Incorporated in the Cayman Islands with limited liability)

(Stock code: 9600)

- (1) MAJOR TRANSACTION: ACQUISITION OF 100% ISSUED SHARE
CAPITAL OF THE TARGET COMPANY ;**
(2) ISSUE OF CONSIDERATION SHARES UNDER SPECIFIC MANDATE ;
AND
(3) CHANGE OF USE OF PROCEEDS FROM THE GLOBAL OFFERING

THE ACQUISITION

The Board is pleased to announce that on 15 August 2021, the Company, the Target Company, the Vendors and the Guarantors entered into the Share Purchase Agreement, pursuant to which the Vendors have conditionally agreed to sell and the Company has conditionally agreed to acquire 100% of the issued share capital of the Target Company. The maximum Consideration for the Acquisition is RMB486 million (equivalent to HK\$583,685,626.44), to be settled by way of a combination of cash and Consideration Shares, subject to the sections headed "Payment Method" and "Results Targets and Consideration Adjustment Mechanism" below.

LISTING RULES IMPLICATIONS

As the highest applicable percentage ratio in respect of the Acquisition is more than 25% but less than 100%, the Acquisition constitutes a major transaction, and is therefore subject to the reporting, announcement, circular and Shareholders' approval requirements under Chapter 14 of the Listing Rules.

CHANGE OF USE OF PROCEEDS FROM THE GLOBAL OFFERING

Reference is made to the Prospectus. The IPO Proceeds amounted to approximately HK\$790.4 million. Having considered the reasons for and benefits of the Acquisition as set out in the section headed "Reasons for and benefits of the Acquisition" in this announcement, 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 re-allocate the use of proceeds of HK\$316 million from the Global Offering.

The Acquisition is subject to the fulfilment of a number of conditions which are detailed in the sections headed "Share Purchase Agreement – Conditions Precedent" in this announcement. As the Acquisition may or may not proceed, Shareholders and potential investors are advised to exercise caution when dealing in the Shares.

INTRODUCTION

The Board is pleased to announce that on 15 August 2021, the Company, the Target Company, the Vendors and the Guarantors entered into the Share Purchase Agreement, pursuant to which the Vendors have conditionally agreed to sell and the Company has conditionally agreed to acquire 100% of the issued share capital of the Target Company.

SHARE PURCHASE AGREEMENT

Date

15 August 2021

Parties

- (1) the Company, as the Purchaser
- (2) the Target Company
- (3) the Vendors; and
- (4) the Guarantors

To the best of the Directors' knowledge, information and belief having made all reasonable enquiries, the Target Company, the Vendors, the Guarantors and their respective ultimate beneficial owners (if any) are third parties independent of the Company and its connected persons.

Subject Matter

The Company has agreed to purchase all the shares of the Target Company held by the Vendors, representing 100% of the issued share capital of the Target Company.

Upon Completion of the Acquisition, the Target Company will become a wholly-owned subsidiary of the Company.

The Consideration

The maximum Consideration of the Acquisition is RMB486 million (equivalent to HK\$583,685,626.44), to be settled by way of a combination of cash and Consideration Shares, subject to the sections headed “Payment Method” and “Results Targets and Consideration Adjustment Mechanism” as set out below.

The Consideration was arrived at after arm’s length negotiations among the parties to the Share Purchase Agreement with reference to the preliminary valuation of the entire shareholders’ equity of the Target Company of no less than RMB486 million (equivalent to HK\$583,685,626.44) as at 30 June 2021 prepared by the Independent Appraiser adopting the market approach, and taking into account (i) the Consideration Adjustment Mechanism and the form of the Consideration; (ii) the past financial performance of the Target Group; (iii) the future business outlook of the Target Group and the industry in which the Target Group is currently engaged, and (iv) the other reasons for and benefits of the Acquisition as set out in the section headed “Reasons for and Benefits of the Acquisition” below.

Payment Method

The Consideration shall be paid in three instalments with the specific amount, payment method and payment terms of each instalment as follows:

Item	Amount for the given installment ⁽¹⁾ (RMB)	Percentage of the total Consideration	Payment method	Payment terms
First instalment	RMB263.0 million	54.12%	Cash in HK \$315,862,797.85 ⁽²⁾	The Consideration will be settled on the Closing Date upon fulfillment or waiver (as applicable) of all Conditions Precedent to the Closing
Second instalment	RMB48.6 million	10.00%	22,822,502 Consideration Shares	The Target Company achieves the Results Targets for 2022 and the conditions ⁽³⁾ for issuing Consideration Shares have been satisfied
Third instalment	RMB174.4 million	35.88%	81,898,047 Consideration Shares	The Target Company achieves the Results Targets for 2023 and the conditions ⁽³⁾ for issuing Consideration Shares have been satisfied

Notes:

- (1) The Consideration is subject to the Consideration Adjustment Mechanism as set out below. The parties thereto agreed the exchange rate of RMB and Hong Kong dollars shall be RMB: HK\$=0.83264 : 1 (the “**Agreed Exchange Rate**”), based on the intermediate exchange rate of RMB and Hong Kong dollars published by People’s Bank of China on 13 August 2021.
- (2) The cash Consideration shall be settled and funded with the unutilized IPO Proceeds. Please refer to the section headed “Change of use of proceeds from the Global Offering” below for details.
- (3) The conditions to the issue of the Consideration Shares comprise: (i) the Listing Approval of the Consideration Shares is not withdrawn by the Stock Exchange; (ii) Mr. PENG Peng, Mr. XIAO Yi and Ms. HUANG Ying have duly performed their respective non-competition obligations; (iii) Jiangxi Samton and its shareholders have duly performed the Control Agreements; (iv) the qualified accountant has issued a unqualified audit report on the consolidated statements of the Target Company; and (v) the Performance Guarantee Vendors have observed and fulfilled their respective representations, warranties, undertakings and obligations under the Share Purchase Agreement.

Consideration Shares

Pursuant to the Share Purchase Agreement, the issue of Consideration Shares will be subject to the sections headed “Payment Methods” and “Results Targets and Consideration Adjustment Mechanism”.

The Company will issue and allot the second and third instalments of Consideration Shares (if any) after being adjusted according to the Consideration Adjustment Mechanism to the Performance Guarantee Vendors within 20 Working Days after the publication of the 2022 and 2023 annual results announcement, respectively.

The Consideration Shares of the Acquisition will be issued at a price of HK\$2.5575 per Consideration Share. The Issue Price was arrived at after arm’s length negotiations of the parties, taking into account, among others, the current market performance of the Shares. The Directors consider that the Issue Price is fair and reasonable under the current market conditions.

The Issue Price represents:

- (i) a discount of approximately 7.00% to the closing price of the Shares of HK\$2.75 per Share as quoted on the Stock Exchange on the Last Trading Day;
- (ii) a premium of approximately 5.38% to the average closing price of the Shares of HK\$2.43 per Share as quoted on the Stock Exchange for the last twenty trading days up to and including the Last Trading Day; and
- (iii) a premium of approximately 12.90% to the average closing price of the Shares of HK\$2.27 per Share as quoted on the Stock Exchange for the last thirty trading days up to and including the Last Trading Day.

The Consideration Shares will be allotted and issued under the Specific Mandate to be sought at the EGM by the Company. The Consideration Shares allotted and issued will rank pari passu in all respects among themselves and with the Shares in issue. The Company will make an application to the Stock Exchange for the listing of, and permission to deal in, the Consideration Shares.

Results Targets and Consideration Adjustment Mechanism

The performance guarantee period of the Acquisition covers the years of 2021, 2022 and 2023 (each a “**Performance Guarantee Year**”, collectively “**Performance Guarantee Period**”).

The Performance Guarantee Vendors undertake to the Purchaser that the consolidated net profit and revenue of the Target Company achieved in each Performance Guarantee Year shall be not less than the net profit and revenue targets set for the corresponding year as set out below:

Unit: RMB million

Item	2021	2022	2023	Total
Guaranteed Net Profit	29	34	45	108
Guaranteed Revenue	180	220	300	700

(Note: The net profit refers to the net profit after tax attributable to shareholders of the parent company after deducting non-recurring gains and losses in the consolidated statements of the Target Company.)

The Purchaser shall engage qualified accountant(s) to audit the consolidated financial statements of the Target Company for each Performance Guarantee Year according to the same accounting policies as adopted for the corresponding financial year of the Company and issue an audit report thereon within three months after the end of a given Performance Guarantee Year.

Cash Compensation for Failure to Meet the Results Targets for 2021

Where the Target Company fails to meet the Results Targets for 2021, the Performance Guarantee Vendors shall compensate the Purchaser in cash in an amount calculated based on the following formula and equal to the higher of the compensation for failure to reach the guaranteed net profit and that for failure to reach the guaranteed revenue, which will be denominated in HKD based on the Agreed Exchange Rate:

Compensation for failure to reach the guaranteed net profit = (guaranteed net profit for a given year – actual net profit for that year) ÷ sum of guaranteed net profit for the Performance Guarantee Period × Unadjusted Total Consideration

Compensation for failure to reach the guaranteed revenue = (guaranteed revenue for a given year – actual revenue for that year) ÷ sum of guaranteed revenue the Performance Guarantee Period × Unadjusted Total Consideration × 20%

Consideration Shares and Compensation for Failure to Meet the Results Targets for 2022 and/or 2023

Where the Target Company fails to meet the Results Targets for 2022 and/or 2023, the Performance Guarantee Vendors agree to calculate the number of Consideration Shares to be issued to them in the second/third instalment (“**Consideration Shares to be Issued After Deduction**”) according to the following formula:

Number of Consideration Shares to be Issued After Deduction = (Consideration of a given instalment denominated in HKD calculated based on the Agreed Exchange Rate – amount to be compensated for a given year) ÷ Issue Price

The amount to be compensated for a given year shall be the higher of the compensation for failure to reach the guaranteed net profit and that for failure to reach the guaranteed revenue to be calculated using the same formula as set out above.

If the Consideration to be paid in a given instalment is less than the amount to be compensated for the corresponding year, the Purchaser is not obliged to pay any Consideration Shares in the given instalment, and the Performance Guarantee Vendors shall compensate the Purchaser in cash to make up the difference.

Clawback of Compensation

Where the Target Company fails to meet the Results Targets for 2021 and/or 2022, and the Consideration Shares to be issued has been adjusted and/or the Performance Guarantee Vendors have compensated in cash, the Purchaser shall calculate the amount of cash compensation/ Consideration Shares that shall be returned or reissued to the Performance Guarantee Vendors (“**Clawback Compensation Amount**”) based on the following formula, and pay it to the Performance Guarantee Vendors together with the Consideration Shares to be issued in the next year:

(1) If the amount to be compensated for the year 2021 and/or 2022 (“**Year T**”) is determined as the amount of compensation for failure to reach the guaranteed net profit, and:

a) $(\text{guaranteed net profit for Year T} - \text{actual net profit for Year T}) \div \text{guaranteed net profit for Year T} \leq 5\%$; and

b) the Target Company achieves the Results Targets for the next year (“**Year T+1**”);

then the Clawback Compensation Amount = $(\text{actual net profit for Year T+1} - \text{guaranteed net profit for Year T+1}) \div \text{sum of guaranteed net profit for the Performance Guarantee Period} \times \text{Unadjusted Total Consideration}$.

(2) If the amount to be compensated for Year T is determined as the amount of compensation for failure to reach the guaranteed revenue, and:

a) $(\text{guaranteed revenue for Year T} - \text{actual revenue for Year T}) \div \text{guaranteed revenue for Year T} \leq 5\%$; and

b) the Target Company achieves the Results Targets for Year T+1;

then the Clawback Compensation Amount = $(\text{actual revenue for Year T+1} - \text{guaranteed revenue for Year T+1}) \div \text{sum of guaranteed revenue for the Performance Guarantee Period} \times \text{Unadjusted Total Consideration} \times 20\%$.

(3) Where Year T is 2021, the Clawback Compensation Amount shall be paid to the Performance Guarantee Vendors in cash; where Year T is 2022, the Clawback Compensation Amount shall be converted into Consideration Shares to be issued to the Performance Guarantee Vendors at the Issue Price.

(4) In no case shall the Clawback Compensation Amount payable by the Purchaser in Year T+1 be higher than the amount to be compensated by the Performance Guarantee Vendors for Year T.

Compliance with Rule 14.36B

In the event that the Results Targets as disclosed above are not achieved, the Company will comply with the disclosure obligations under Rule 14.36B.

Conditions Precedent

The Closing is conditional upon the fulfilment or waiver in writing (as applicable) of the following conditions, including but not limited to:

- (i) the representations and warranties made by the Purchaser are true, accurate and complete as at the date of the Share Purchase Agreement, and remain to be true, accurate and complete until the Closing Date;
- (ii) the representations and warranties made by all of the Vendors and the Target Company are true, accurate and complete as at the date of the Share Purchase Agreement, and remain to be true, accurate and complete until the Closing Date;
- (iii) the Control Agreements have been duly executed and come into force;
- (iv) key individuals designated by the Purchaser have entered into the confidential and non-competition agreements, intellectual property ownership agreements and labour contracts with the Target Group and are in continuous compliance with such agreements;
- (v) the Target Company did not make amendments or restatement to its articles of association during the Transition Period;
- (vi) all the relevant consents and approvals in relation to the Acquisition have been obtained from the government authorities (where required), the Target Company, all of the Vendors and other third parties (where required);
- (vii) none of the government authorities or other persons (a) commit or threaten to commit any acts or investigation that may restrict, prohibit or otherwise be against to the Acquisition; (b) threaten to take any acts regarding the Acquisition; or (c) propose or enter into any statute or regulations that may prohibit, materially restrict or hinder the implementation of the Acquisition, or the operation of any of the members of the Target Group upon Closing;
- (viii) the circular has been approved by the Stock Exchange and the Acquisition has been approved by the Shareholders of the Purchaser at the Shareholders' general meeting;
- (ix) the Listing Committee of the Stock Exchange has granted the listing of, and permission to deal in the Consideration Shares ("**Listing Approval**"), and the Listing Approval is not withdrawn by the Stock Exchange; and
- (x) other customary conditions precedent of transactions of similar nature.

Save for conditions (viii) and (ix), all of the other conditions precedent can be waived. As of the date of this announcement, none of the conditions precedent has been waived.

Long-stop Date

In case that the Closing does not take place on or before the Long-stop Date due to failure of satisfaction or waiver (if waivable) (as the case may be) of conditions (i), (viii) and (ix) as set out under the section headed “Conditions Precedent”, any of the Performance Guarantee Vendors has the right to unilaterally terminate the Share Purchase Agreement by written notice. In case that the Closing does not take place on or before the Long-stop Date due to failure of satisfaction or waiver of the other conditions as set out under the section headed “Conditions Precedent”, the Purchaser has the right to unilaterally terminate the Share Purchase Agreement by written notice.

Closing

Closing shall take place on the Closing Date. The Purchaser shall pay cash Consideration to the Vendors in the manner specified under the section headed “Payment Method” on the Closing Date.

Compensation Arrangement for Impairment

Within three months after the expiration of the Performance Guarantee Period, the Purchaser will engage a qualified accountant to conduct an asset impairment test on the Target Company and issue a special report on the impairment test results. The impairment of the Target Company shall be determined based on the report. If the impairment amount of the Target Company exceeds the aggregate amount to be compensated by the Performance Guarantee Vendors to the Purchaser for the Performance Guarantee Period, the Performance Guarantee Vendors shall compensate the Purchaser for the difference.

Loss and Profit for the Transition Period

The Purchaser shall, within five Working Days after the Closing Date, engage a qualified accountant to perform an audit on the profit/loss statement of the Target Company for the Transition Period. If the Target Company recorded any loss for the Transition Period, the Vendors shall bear such loss and compensate the Purchaser in cash accordingly.

The Consideration for the Acquisition will not be adjusted in case that the Target Company generates profitability during the Transition Period.

Management of the Jiangxi Samton during the Performance Guarantee Period

During the Performance Guarantee Period, the board of directors of Jiangxi Samton shall consist of 5 directors, of which 3 shall be appointed by the Purchaser and 2 shall be served by any of Mr. PENG Peng, Mr. XIAO Yi and Ms. HUANG Ying. During the Performance Guarantee Period, the board of supervisors of Jiangxi Samton shall consist of 3 supervisors, of which 2 shall be appointed by the Purchaser and 1 shall be appointed by the Vendors. In addition, during the Performance Guarantee Period, the general manager of Jiangxi Samton shall be nominated by Mr. PENG Peng and appointed by a simple majority of the board of directors of Jiangxi Samton by way of ordinary resolution; and the legal representative(s), deputy financial director(s) and one deputy general manager of Jiangxi Samton shall be served by persons designated by the Purchaser.

Guarantee

The Guarantors agree to guarantee the full performance of any and all obligations and responsibilities of the Vendors and the Target Company under the Share Purchase Agreement and any cost and expenses reasonably incurred by the Purchaser to exercise its rights entitled thereto.

Non-competition

The Guarantors undertake that, they shall procure Mr. PENG Peng, Mr. XIAO Yi and Ms. HUANG Ying to execute a non-competition agreement in compliance with the Company's requirements, pursuant to which, they will undertake that, for a period from the Closing Date (i) until the end of 2026 or (ii) within two (2) years from the date that Mr. PENG Peng, Mr. XIAO Yi and Ms. HUANG Ying have all terminated their employment with the Enlarged Group, whichever is later, none of them shall engage in any business or activity which is in potential or actual competition with the business of the Enlarged Group.

Effect of the Acquisition on the shareholding structure of the company

As of the date of this announcement, the authorized share capital of the Company was US\$50,000 divided into 50,000,000,000 shares with a par value of US\$0.000001 each, of which 800,000,000 shares have been issued and fully paid.

Based on the maximum Consideration to be paid by the Company by way of Consideration Shares, 104,720,549 new shares will be allotted and issued as Consideration Shares.

The maximum Consideration Shares, if issued, represents:

- (i) approximately 13.09% of the entire issued share capital of the Company at the date of this announcement; and
- (ii) approximately 11.57% of the entire issued share capital of the Company as enlarged by the allotment and issue of Consideration Shares, assuming that there is no change in the issued share capital of the Company from the date of this announcement to the date on which all the Consideration Shares have been issued.

Set out below is the shareholding structure of the Company (i) as at the date of this announcement; and (ii) immediately after issue and allotment of the maximum Consideration Shares (assuming that the Target Company meets the Results Targets and there is no other change in the share capital of the Company), for illustration purpose only:

Direct shareholders of Newlink Technology Inc.	As of the date of this announcement		Immediately after issue and allotment of the entire Consideration Shares in the second instalment		Immediately after issue and allotment of the entire Consideration Shares in the third instalment	
	Number of shares	Approximate percentage	Number of shares	Approximate percentage	Number of shares	Approximate percentage
Nebula SC Holdings Limited ⁽¹⁾	327,600,000	40.95%	327,600,000	39.8142%	327,600,000	36.2101%
Earnest Kai Holdings Limited ⁽²⁾	218,400,000	27.30%	218,400,000	26.5428%	218,400,000	24.1401%
Pengpeng BVI	–	–	4,664,007	0.5668%	21,400,692	2.3654%
Xiaoyi BVI	–	–	2,859,089	0.3475%	13,118,867	1.4500%
Huangying BVI	–	–	1,577,605	0.1917%	7,238,807	0.8001%
Gongqingcheng Shangli BVI	–	–	7,095,745	0.8624%	32,558,668	3.5988%
Gongqingcheng Yishang BVI	–	–	3,699,071	0.4496%	16,973,107	1.8761%
Xulianwen BVI	–	–	2,233,182	0.2714%	10,246,906	1.1326%
Duxuan BVI	–	–	433,627	0.0527%	1,989,689	0.2199%
Liaoxuefeng BVI	–	–	260,176	0.0316%	1,193,813	0.1320%
Other Shareholders	254,000,000	31.75%	254,000,000	30.8694%	254,000,000	28.0750%
Total	800,000,000	100.00%	822,822,502	100.00%	904,720,549	100.00%

Notes:

- (1) Nebula SC Holdings Limited is wholly-owned by Mr. ZHAI Shuchun, chairman and executive Director of the Company;
- (2) Earnest Kai Holdings Limited is wholly-owned by Mr. YUAN Yukai.

The Company expects that upon the issue of the Consideration Shares, it will continue to maintain the public float required under Rule 8.08 of the Listing Rules.

No Change of Control

The Completion of the Acquisition will not result in a change of control of the Company.

General information

The Company

The Company is a company incorporated in the Cayman Islands with limited liability, the shares of which are listed on the Main Board of the Stock Exchange. The Company is an IT solutions provider focusing primarily on traditional software-driven solutions and is also committed to providing innovative software-driven solutions powered by artificial intelligence and big data analytics for our customers.

The Target Group

The Target Company is a company incorporated in the Cayman Islands with limited liability and an investment holding company. As at the date of this announcement, the Vendors hold 100% of the issued share capital of the Target Company.

The Target Group is a leading multi-function communications solution provider in China. Its principal business includes providing corporate customers with SaaS smart cloud contact centre services and PaaS corporate message services. SaaS smart cloud contact centres use the Internet, artificial intelligence and cloud computing technology to offer hosted call centre services with basic functions such as inbound call services, and value-added enterprise information solutions including office applications, enterprise internal management, enterprise data management and intelligent voice customer services for enterprise customers who need to set up contact centres. PaaS enterprise message services mainly refer to the establishment of self-owned information platforms that are compatible with operator and third-party message portals using cloud technology. Platform technology is used for information security screening, channel selection and delivering trigger-based short message service (SMS) and multimedia messaging service (MMS) such as identity verification, notification and reminders, information confirmation for customers in a timely, stable, accurate and compliant manner, as well as services including tailor-made notifications and push messages to be delivered by its customers based on the actual needs of end-users.

The Target Group has been focusing on solution innovation and upgrade, and has gained wide market recognition for its strong business capability, high technology standards and extensive experience in serving corporate customers. In the recent three years, the cloud communications solutions provided by the Target Group have been widely adopted in about 35 industries including finance, healthcare, e-commerce, online education, logistics and express delivery, serving approximately 150,000 corporate customers with services covering about 350 cities and established business cooperation relationship with nearly 1,800 small and medium distributors. It has acquired outstanding large-scaled enterprise customers and quality customers in the financial services and medical industries. It has also established amicable long-term cooperation relationship with provincial and municipal branches of three major telecom operators, namely China Mobile, China Unicom and China Telecom.

As at the date this announcement, the Target Group has obtained the Operating Licence for Value-added Telecommunications Services of the China and the Certificate for the Use of Telecommunications Numbering Resources issued by the Ministry of Industry and Information Technology of the China. After accumulating 12 years of experience, the Target Group has attained leading technology innovation as well as operation and service capability in cloud communications technology, and obtained national and provincial accolades and recognition including National Small-Medium Enterprise (SME) Public Services Demonstration Platform, National Hi-tech Enterprise, Jiangxi Province Enterprise Technology Centre, Provincial SME with Specialty, Excellency, Uniqueness and Innovation, Provincial Big Data Demonstration Enterprise, Provincial Leading Enterprise in the Service Industry and Post-doctoral Innovation Practice Base.

Set out below is the unaudited financial information of the Target Group prepared in accordance with Hong Kong Financial Reporting Standards for the two years ended 31 December 2019 and 2020 and the six months ended 30 June 2021:

	Year ended 31 December 2019	Year ended 31 December 2020	Six months ended 30 June 2021
Revenue (<i>RMB'000</i>)	341,207	166,715	112,614
Net profit before tax (<i>RMB'000</i>)	39,698	30,568	19,298
Net profit after tax (<i>RMB'000</i>)	34,995	26,248	16,517

Based on the unaudited management accounts of the Target Group, the total asset and net asset value of the Target Group as at 30 June 2021 were approximately RMB137,623 thousand and RMB48,437 thousand, respectively.

Vendors

Pengpeng BVI is a company incorporated in the British Virgin Islands with limited liability and is primarily engaged in investment holding. Its entire issued share capital is held by Mr. PENG Peng.

Xiaoyi BVI is a company incorporated in the British Virgin Islands with limited liability and is primarily engaged in investment holding. Its entire issued share capital is held by Mr. XIAO Yi.

Huangying BVI is a company incorporated in the British Virgin Islands with limited liability and is primarily engaged in investment holding. Its entire issued share capital is held by Ms. HUANG Ying.

Gongqingcheng Shangli BVI is a company incorporated in the British Virgin Islands with limited liability and is primarily engaged in investment holding. It's a wholly owned subsidiary of Gongqingcheng Shangli Investment Partnership (Limited Partnership), in which Mr. PENG Peng, Mr. XIAO Yi and Ms. HUANG Ying hold 68.9063%, 22.2127% and 8.8809% interests respectively.

Gongqingcheng Yishang BVI is a company incorporated in the British Virgin Islands with limited liability and is primarily engaged in investment holding. It's a wholly owned subsidiary of Gongqingcheng Yishang Investment Partnership (Limited Partnership), in which Mr. XIAO Yi holds 67.8448% interests.

Jinan Haomai BVI is a company incorporated in the British Virgin Islands with limited liability and is primarily engaged in investment holding. Its ultimate beneficial owners are Himile Capital Management Co., Ltd and Himile Mechanical Science and Technology (Shandong) Co., Ltd (a company listed on the Shenzhen Stock Exchange, stock code: 002595.SZ).

Xulianwen BVI is a company incorporated in the British Virgin Islands with limited liability and is primarily engaged in investment holding. Its entire issued share capital is held by Mr. XU Lianwen.

Duxuan BVI is a company incorporated in the British Virgin Islands with limited liability and is primarily engaged in investment holding. Its entire issued share capital is held by Mr. DU Xuan.

Liaoxuefeng BVI is a company incorporated in the British Virgin Islands with limited liability and is primarily engaged in investment holding. Its entire issued share capital is held by Mr. LIAO Xuefeng.

GAOWEI BVI is a company incorporated in the British Virgin Islands with limited liability and is primarily engaged in investment holding. Its entire issued share capital is held by Mr. GAO Wei.

Guarantors

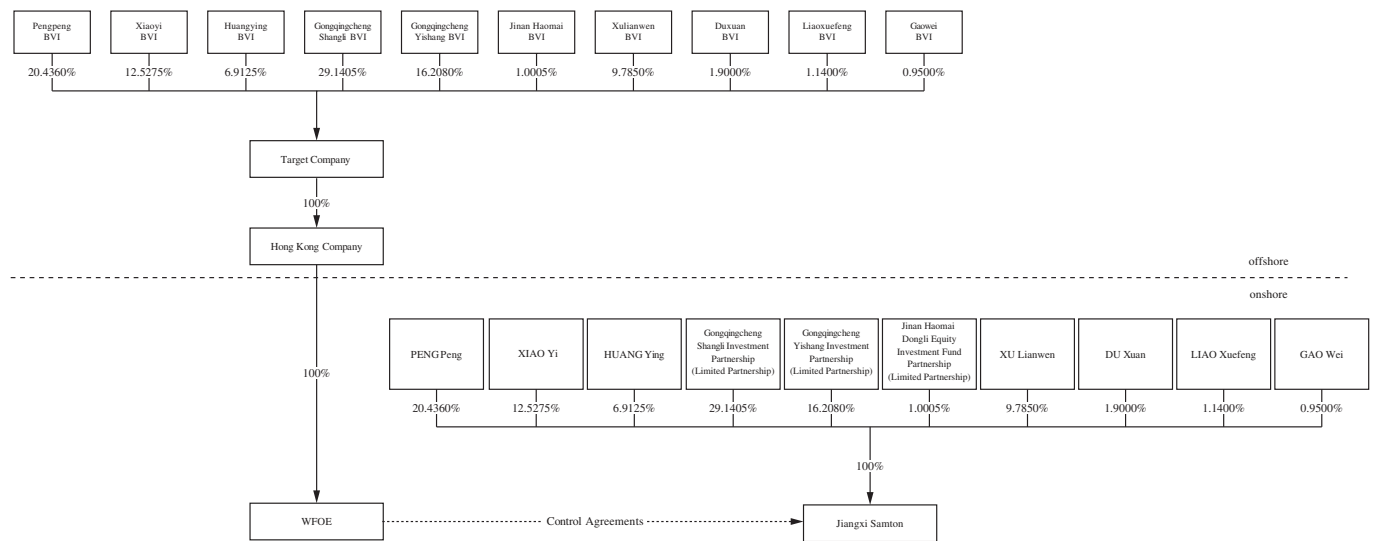
Mr. PENG Peng, Mr. XIAO Yi and Ms. HUANG Ying, all being citizens of the People's Republic of China, Gongqingcheng Shangli Investment Partnership (Limited Partnership) and Gongqingcheng Yishang Investment Partnership (Limited Partnership), being the Registered Shareholders of Jiangxi Samton. Mr. PENG and Ms. HUANG are both directors of Jiangxi Samton.

CONTROL AGREEMENTS

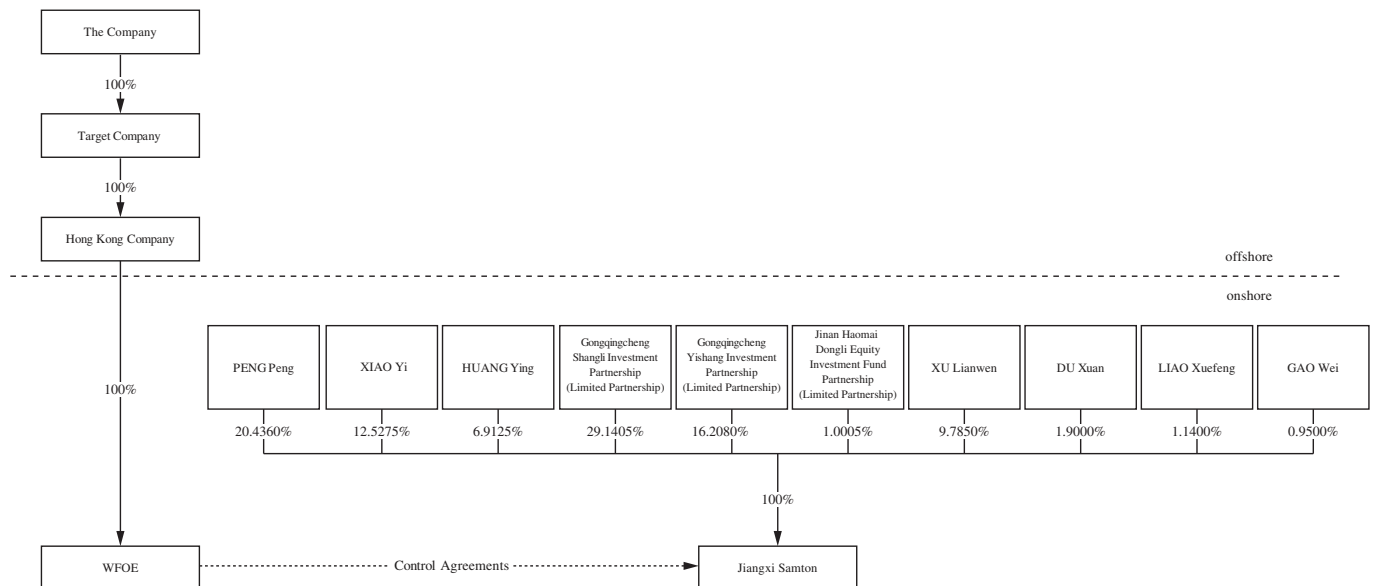
Shareholding Structure of the Target Group

Set out below is the shareholding structure of the Target Group (i) as of the date of this announcement; and (ii) immediately after the Closing, for illustration purposes only:

The shareholding structure of the Target Group as at the date of the announcement:



The shareholding structure of the Target Group upon the completion of the Acquisition:



Reasons for the Control Agreements

The Operating Entity is principally engaged in providing “Software as a Service” (SaaS) smart cloud contact centres and “Platform as a Service” (PaaS) corporate message services, both of which are value-added telecommunications services, to corporate customers. As advised by the PRC Legal Advisers, pursuant to the Administrative Measures of Foreign Investment Admission (Negative List) (2020 Revision) (外商投資准入特別管理措施(負面清單)(2020年版)), except for e-commerce, domestic multi-party communications services, store-and-forward, and call centres, the foreign shareholding shall not exceed 50% for value-added telecommunication business (the “**Restricted Business**”). Therefore, the foreign shareholding in Jiangxi Samton, the entity holding the operating licence for value-added telecommunications services, cannot exceed 50%, and the major foreign investors of foreign-invested telecommunications enterprises operating value-added telecommunications services should have good performance and operational experience in operating value-added telecommunications services. Our PRC Legal Advisers advised us that there was no clear guidance as to the interpretation of such qualification requirement or procedures to obtain such approval for foreign investors to invest in telecommunication services business as of the date of this announcement.

In order for the Target Company to control and manage the Restricted Business of the Operating Entity in the PRC through the WFOE, WFOE had entered into the Control Agreements on 2 August 2021, so that the Target Company could consolidate all the potential economic benefits generated by the Operating Entity through the Control Agreements.

Details of the Control Agreements

The principal terms of the Control Agreements are as follows:

(1) *Exclusive Business Cooperation Agreement*

Date: 2 August 2021

Parties: (a) WFOE;
(b) Registered Shareholders; and
(c) Jiangxi Samton

Subject Matter WFOE agrees to provide Jiangxi Samton with exclusive technology services and exclusive management consultancy services (the “**Services**”) during the term of the agreement, and Jiangxi Samton agrees to accept the Services.

During the term of the agreement, Jiangxi Samton cannot entrust to or accept from any third parties all or part of the above Services provided by or enter into any similar cooperation relationship with any third parties in respect of the matters referred to in the Exclusive Business Cooperation Agreement without the prior written consent of WFOE.

Service fees will be calculated and paid based on the accounting year or a reasonable period otherwise proposed by WFOE, the amount of which is equal to all the profits of Jiangxi Samton, after net of the necessary costs and expenses as required by Jiangxi Samton in its business operations and taxes, accumulated deficit of previous years (if required by applicable laws), provisions for legal reserves (if required by applicable laws) and other fees reserved or provided for in accordance with the requirements of laws and regulations. WFOE has the right to adjust the amount of the service fees according to the particulars of the services provided and the operation and the development needs of Jiangxi Samton.

Term: The agreement comes into effect on the day of execution, and will be automatically terminated when the rights under the Exclusive Equity Purchase Agreement have been fully exercised by WFOE and/or any entity designated by WFOE. WFOE can terminate the agreement unilaterally by giving thirty (30) days advance notice to the Registered Shareholders and Jiangxi Samton.

(2) Exclusive Equity Purchase Agreement

Date: 2 August 2021

Parties: (a) WFOE;
(b) Registered Shareholders; and
(c) Jiangxi Samton

Subject Matter: The WFOE shall have the rights to require the Registered Shareholders to transfer their equity interests in Jiangxi Shamton to the WFOE and/or a third party designated by it, in whole or in part at any time and from time to time, for considerations equivalent to the lowest price as permitted by PRC laws (“**Share Option**”). Upon reception of the exercise consideration paid by the WFOE, the Registered Shareholders shall return such exercise consideration in full to the WFOE.

Term: The Exclusive Equity Purchase Agreement is effective from the date of its execution until the date that the Share Options under the Exclusive Equity Purchase Agreement have been fully exercised by WFOE and/or any third party designated by it. WFOE can terminate the Exclusive Equity Purchase Agreement unilaterally by giving thirty (30) days advance notice.

(3) *Equity Pledge Agreement*

Date: 2 August 2021

Parties: (a) WFOE;
(b) Registered Shareholders; and
(c) Jiangxi Samton

Subject Matter: The Registered Shareholders unconditionally and irrevocably pledged all equity interests in Jiangxi Samton held by them to the WFOE as guarantee for all of the obligations and liabilities of the Registered Shareholders and Jiangxi Samton under the Control Agreements.

In the event of violation of any of the obligations under the Control Agreements by the Registered Shareholders and/or Jiangxi Samton, WFOE has the right to, among others, sell or request the Registered Shareholders to transfer the pledged equity interests to WFOE at the lowest price permitted by the laws of the PRC, and the Registered Shareholders have to compensate WFOE in full for the consideration paid by WFOE for being transferred the pledged equity interests.

The Registered Shareholders undertake to WFOE that they will not, among others, transfer their interests in Jiangxi Samton or create pledges or encumbrances on those interests without the prior written consent of WFOE.

The Registered Shareholders and Jiangxi Samton must apply to the industry and commerce registration authorities for registration of the pledge of equity interest no later than the 30th day after signing the agreement or within a time limit otherwise approved by WFOE, and complete all registration and filing procedures within 30 days from the day of acceptance of the application by the industry and commerce registration authorities.

The pledge comes into effect on the day of registration with the industry and commerce registration authorities, and will last until the full performance of all obligations or full satisfaction of all liabilities under the Control Agreements, lapse or termination of the Equity Pledge Agreement or any written agreement has been reached by all parties on discharge of the Equity Pledge Agreement, whichever the latest.

Term: The Equity Pledge Agreement takes effect from the day of its execution until the full discharge of the obligations and liabilities under the Control Agreements. WFOE can terminate the Equity Pledge Agreement unilaterally by giving thirty (30) days advance notice.

(4) Shareholders' Right Entrustment Agreement and Powers of Attorney

Date: 2 August 2021

Parties: (a) WFOE;
(b) Registered Shareholders; and
(c) Jiangxi Samton

Subject Matter: The Registered Shareholders unconditionally and irrevocably undertake that they will separately sign a Power of Attorney upon the execution of the Shareholders' Right Entrustment Agreement to jointly and separately grant an exclusive authority to WFOE to represent the Registered Shareholders to exercise all their rights as shareholders of Jiangxi Samton, including but not limited to the following:

- (i) propose to convene and attend shareholders' meetings of Jiangxi Samton in accordance with the articles of Jiangxi Samton, and to make proposals;
- (ii) exercise all shareholders' rights in accordance with the law and the articles of Jiangxi Samton, including but not limited to selling, transferring, pledging or otherwise disposing part or all of the equity interests in Jiangxi Samton; appoint or remove any legal representatives, directors, supervisors, general manager or other senior management of Jiangxi Samton;
- (iii) represent the Registered Shareholders of Jiangxi Samton to receive the residual property of Jiangxi Samton and exercise voting rights upon the dissolution or liquidation of Jiangxi Samton.

Term: The agreement takes effect from the day of its execution until the date that the WFOE has fully exercised the Share Option to purchase all the equity interests of the Registered Shareholders in Jiangxi Samton pursuant to the Exclusive Equity Purchase Agreement. The WFOE can terminate the agreement unilaterally by giving thirty (30) days advance notice.

(5) Spouse Undertakings

- Date: 2 August 2021, 3 August 2021, 4 August 2021
- Parties: the spouse of each of the Registered Shareholders, where applicable
- Subject Matter: The spouse of each of the Registered Shareholders, where applicable, unconditionally and irrevocably undertakes to WFOE that, among others, (i) agree to the agreements under the Control Agreements in relation to the disposal of equity interest of each of the Registered Shareholders in Jiangxi Samton, and will cooperate to put the agreements into effect; (ii) will not take any actions to obstruct the pledge or disposal arrangements of the equity interest in Jiangxi Samton, including but not limited to claiming that the interests in Jiangxi Samton (including any other interests therein) owned by each of the Registered Shareholders are common property, or claiming ownership of any interests in the above equity interest; or instituting any claims or proceedings or taking any actions in this regard.
- Term: the undertaking comes into effect on the day of its execution, with validity period the same as that of the Exclusive Purchase of Equity Interests Agreement.

The Registered Shareholders have undertaken to WFOE that the performance of the Control Agreements shall not be affected or hindered in the event that the Registered Shareholders: (i) (in the case of a natural person) decease, without capacity for civil conduct, with limited capacity for civil conduct, or divorce; or (in the case of a legal person) undergo bankruptcy or liquidation; or (ii) have other circumstances that may affect its exercise of the Share Options that it holds in Jiangxi Samton, whereby their successors, custodians or spouses may obtain the Share Options or relevant rights.

Dispute Resolution

Each of the agreements under the Control Agreements contains dispute resolution provisions. Pursuant to such provisions, the laws of the PRC are applicable to the Control Agreements. In the event of any disputes arising from the Control Agreements, the relevant parties should first resolve the matter through amicable negotiation. If the matter cannot be resolved in a timely manner through negotiation, the relevant dispute should be submitted to the China International Economic and Trade Arbitration Commission in Beijing, which will be final and binding on all parties. The arbitral tribunal may issue an injunction or award compensation over the shares or assets of Jiangxi Samton, or make a ruling on the dissolution and liquidation of Jiangxi Samton; and (ii) empower a court with jurisdiction to award the implementation of interim remedial measures to support the arbitration pending formation of the arbitral tribunal or in appropriate situation. PRC courts, Hong Kong courts, Cayman Islands courts, courts where the main assets of offshore holding companies of WFOE are located and courts where the main assets of Jiangxi Samton are located are deemed to have jurisdiction.

However, as advised by the PRC Legal Advisers, the abovementioned provisions may not be implemented according to PRC laws. In particular, the arbitration institution has no right to grant such injunctive relief, nor can it order the liquidation of the Operating Entity according to the existing PRC laws. In addition, temporary remedies or enforcement orders granted by overseas courts such as Hong Kong and Cayman Islands may not be recognized or enforced in the PRC.

Based on the above, if Jiangxi Samton or the Registered Shareholders breach any of the Control Agreements, the Company may not be able to take remedial measures in a timely manner, which may have a material adverse impact on the Company's effective control over the Operating Entity and the Company's business operations. For details, please refer to the section headed "risks relating to the Control Agreements" in this announcement.

Liquidation

Pursuant to Exclusive Business Cooperation Agreement, in case of dissolution and liquidation of Jiangxi Samton, WFOE and/or its authorized person(s) shall have the right to exercise all shareholders' rights (including but not limited to determining to dissolve and liquidate Jiangxi Samton, designating and appointing members of the liquidation group and/or its agent, approving liquidation scheme and liquidation report) on behalf of the Registered Shareholders. The Registered Shareholders agree to transfer all the assets and properties obtained due to the dissolution and liquidation of relevant companies in their capacity as shareholders of Jiangxi Samton to WFOE or other person(s) designated by WFOE at nil consideration. However, as advised by the Company's PRC Legal Advisers, in the event of a mandatory liquidation required by the PRC laws or bankruptcy liquidation, the abovementioned provisions may not be enforceable according to PRC laws.

Conflicts of Interests

Each of the Registered Shareholders has given its irrevocable undertakings in the Powers of Attorney which address potential conflicts of interests that may arise in connection with the Control Agreements. For further details, see the sub-paragraph headed "Shareholders' Right Entrustment Agreement and Powers of Attorney" above.

Loss Sharing

Pursuant to PRC laws and regulations, the Company and WFOE are not required to share the losses of the Operating Entity or provide financial support to the Operating Entity. In addition, entities within the Operating Entity are companies with limited liabilities and are responsible for their own debts and losses to the extent of their assets and properties. Given that the financial condition and operating results of the Operating Entity will be consolidated into the financial statements of the Group upon Completion of the Acquisition, any loss incurred by the Operating Entity will have a negative impact on the business, financial condition and operating results of the Company.

However, pursuant to the Exclusive Business Cooperation Agreement, without prior written consent of WFOE, (i) Jiangxi Samton shall not sell, transfer, pledge or otherwise dispose of any of its assets or any legal or beneficiary interests relating to the equity interests in Jiangxi Samton to any person other than the WFOE or the person designated by the WFOE; (ii) Jiangxi Samton shall not conduct any merger, split, liquidation, dissolution, make any amendments to its articles of association, or effect any change in its registered capital; (iii) execute any material contract with a value above RMB500,000, except those entered into in the ordinary course of business; (iv) provide any loan, credit or guarantee in any form to any third party. Therefore, as a result of

the relevant restrictive provisions of the Control Agreements, the potential negative impact of any losses incurred by Jiangxi Samton on WFOE and the Company will be limited to certain extent.

Insurance

The Company does not maintain an insurance policy to cover the risks relating to the Control Agreements.

Compliance of the Control Agreements with Laws and Regulations of the PRC

The PRC Legal Advisers have provided the Company with a legal opinion to the effect that (i) none of the Control Agreements violates any provisions of the articles of association of the WFOE and Jiangxi Samton; (ii) each of the Control Agreements is effective, binding and enforceable to the parties thereto under PRC laws, except for those described in the sections headed “Dispute Resolution” and “Liquidation”; and (iii) the Control Agreements comply with PRC laws, rules and regulations, and none of them would be deemed as “false declaration of intention” and voided under the Civil Code of PRC.

However, we have been advised by our PRC Legal Advisers that there are substantial uncertainties regarding the interpretation and application of current and future PRC laws and regulations. Accordingly, there can be no assurance that the PRC regulatory authorities will not in the future take a view that is contrary to or otherwise different from the above opinion of our PRC Legal Advisers.

As at the date of this announcement, Jiangxi Samton has not encountered any interference or encumbrance from any governing bodies in operating its business.

Board’s View on the Control Agreements

On the basis of the above, the Directors believe that the Control Agreements, may be enforced pursuant to applicable PRC laws, and would provide a mechanism that enables the WFOE to exercise effective control over and enjoy the economic benefits of the Operating Entity.

Consolidation of the Financial Results of the Operating Entity

The Control Agreements would enable the Group to control over the Operating Entity and receive all of the economic interests and returns generated by the Operating Entity. The Company has discussed with its auditors to confirm that the financial results of the Operating Entity will be wholly consolidated into the consolidated financial statements of the Group, as if it were a subsidiary of the Group under the prevailing accounting policies.

Risks Relating To The Control Agreements

The Control Agreements may not be as effective in providing control over and entitlement to the economic interests in the Operating Entity as direct ownership.

The Control Agreements may not be as effective in providing WFOE with control over and entitlement to the economic interests in Jiangxi Samton as direct ownership. If WFOE had direct ownership of Jiangxi Samton, WFOE would be able to directly exercise its rights as a shareholder to effect changes in the board of directors of Jiangxi Samton. However, under the Control Agreements, WFOE can only expect and rely on Jiangxi Samton to perform its contractual obligations under the Control Agreements such that WFOE can exercise effective control over Jiangxi Samton. Jiangxi Samton may not act in the best interests of WFOE or may not perform its obligations under the Control Agreements. In case of disputes arising from any of the Control

Agreements, the parties thereto shall resolve such disputes through negotiation in an amicable manner. If any disputes relating to the Control Agreements remains unresolved, WFOE will have to enforce its rights under the Control Agreements and seek interpretation of the terms of the Control Agreements according to the PRC laws, and will therefore be subject to uncertainties arising from the PRC legal system.

As the PRC legal environment is different from that in Hong Kong and other jurisdictions, the uncertainties arising from the PRC legal systems could limit the ability of WFOE to enforce the Control Agreements. There is no assurance that such arbitration result will be in favour of WFOE and/or that there will not be any difficulties in enforcing any arbitral awards granted, including specific performance or injunctive relief and claiming damages by WFOE. As WFOE may not be able to obtain sufficient remedial measures in a timely manner, its ability to exert effective control over Jiangxi Samton and the conduct of the Restricted Business could be materially and adversely affected, which may interrupt WFOE's business and have a material and adverse impact on WFOE's business, prospects and operating results.

Potential interest conflicts between WFOE and Jiangxi Samton

WFOE shall rely on the Control Agreements to exercise control over and to draw the economic benefits from Jiangxi Samton. The current Registered Shareholders and Jiangxi Samton may breach the Control Agreements in the event of interest conflicts or deterioration of relationship with WFOE, which may have a material adverse impact on WFOE's business, prospects and operating results. There is no assurance that the Registered Shareholders or Jiangxi Samton will act in the best interests of WFOE in case of any conflicts or the conflicts will be resolved in favour of WFOE. If the Registered Shareholders or Jiangxi Samton fail(s) to fulfil the obligations under the respective Control Agreements, WFOE may have to rely on legal remedies under the PRC laws through legal proceedings, which may be expensive and time-consuming and disruptive to WFOE's operation, and will be subject to the aforementioned uncertainties.

The Control Agreements may be subject to scrutiny by the PRC tax authorities and additional tax may be imposed

The Control Agreements may be subject to scrutiny by the PRC tax authorities, and additional taxes may be levied for WFOE. WFOE may face adverse tax consequences if the PRC tax authorities determine that the Control Agreements were not entered into based on arm's length negotiations. As such, the PRC tax authorities may adjust WFOE's income and expenses for PRC tax purpose, which could result in higher tax liabilities on WFOE. The operating results of WFOE may be materially and adversely affected if the tax liabilities of Jiangxi Samton or those of WFOE increase significantly or if they are required to pay interest on late payments.

The Board will closely monitor the changes in PRC laws, regulations or rules in relation to tax imposed on Control Agreements and upon receiving any such information, it shall discuss with the PRC Legal Advisers to evaluate the impact on the business and operation of the Operating Entity and potential resolutions. As at the date of this announcement, the Operating Entity is only subject to normal tax liabilities in the PRC, such as Enterprise Income Tax and the Value Added Tax.

The WFOE’s ability to acquire the entire equity interests in Jiangxi Samton may be subject to various limitations and substantial costs

In case WFOE exercises the Share Option to acquire the all or part of the equity interests in Jiangxi Samton under the Exclusive Equity Purchase Agreement, such acquisition of the entire equity interest in the Jiangxi Samton may only be conducted to the extent as permitted by the applicable PRC laws and will be subject to necessary approvals and relevant procedures under applicable PRC laws. In addition, the aforementioned acquisition may also be subject to the minimum price limitation (such as those over the appraised value of the entire equity interests in Jiangxi Samton) or other limitations as imposed by applicable PRC laws and the Group will take necessary actions to ensure that the Registered Shareholders shall return such consideration to the extent as permitted by the applicable PRC laws and regulations. Moreover, transfer of the ownership of Jiangxi Samton may incur a substantial amount of other costs (if any), expenses and time, which may have a material adverse impact on the business, prospects and operating results of WFOE.

Measures Taken by the Company to Mitigate Potential Risks Arising from the Foreign Investment Law

The Foreign Investment Law was approved by the National People’s Congress of the PRC on 15 March 2019 and came into effect on 1 January 2020 (the “**Foreign Investment Law**”).

Our PRC Legal Advisers have advised that, since contractual arrangements are not specified as foreign investments under the Foreign Investment Law, and no relevant laws, administrative regulations or provisions of the State Council have incorporated contractual arrangements as a form of foreign investment, the Foreign Investment Law does not apply to our Control Agreements, and it does not substantially change the identification of foreign investors in the field of foreign investment and the principle of recognition and treatment of our Control Agreements. Therefore, each of the agreements comprising the Control Agreements will not be materially affected and will continue to be legal, valid and binding on the parties if there are no changes to relevant laws and regulations in this respect.

Notwithstanding the above, the Foreign Investment Law stipulates that foreign investors investing through any other methods stipulated under laws, administrative regulations or provisions of the State Council may be considered as a form of foreign investment. It is therefore possible that future laws, administrative regulations or provisions of the State Council may stipulate contractual arrangements as a way of foreign investment, at which time it will be uncertain whether the Control Agreements will be deemed to be in violation of the foreign investment access requirements and how our Control Agreements will be handled. Therefore, there is no guarantee that the Control Agreements and the business of our Operating Entity will not be materially and adversely affected in the future due to changes in PRC laws and regulations.

The Board, with the assistance of the PRC Legal Advisers of the Company, will keep closely monitoring of the Foreign Investment Law, including but not limited to any new relevant regulations published or approved to be published by the State Council, or any future laws, administrative regulations or provisions stipulated by relevant government authorities. The Company will discuss with its PRC Legal Advisers in due course to evaluate the potential impact of the progress of the Foreign Investment Law on the Control Agreements and the business operations of the Group. In the event that the Foreign Investment Law is set to have a material adverse impact on the Group’s business, the Company will, as soon as practicable, (i) update the relevant information should there is a material progress to the Foreign Investment Law; and (ii) disclose the specific measures taken by the Company with support of the PRC Legal Advisers to

comply with the progress of the Foreign Investment Law in all aspects and the material impact of the progress of the Foreign Investment Law on the Company's operations and financial condition.

Internal Control Measures

In addition to the internal control measures provided in the Control Agreements, it is the intention of the Company, following Completion, to implement, through the WFOE, additional internal control measures against the Operating Entity as appropriate, having regard to the internal control measures adopted by the Group from time to time, which may include but not limited to the following:

- (a) major issues arising from the implementation and compliance with the contractual arrangements (including the Control Agreements) or any regulatory enquiries from government authorities will be submitted to our Board, if necessary, for review and discussion on an occurrence basis;
- (b) reviewing the overall performance of and compliance with the contractual arrangements (including the Control Agreements) by the Board at least once every year;
- (c) disclosing the overall performance of and compliance with the contractual arrangements (including the Control Agreements) by the Company in its annual reports; and
- (d) appointing external legal advisers or other professional advisers, where necessary, to assist the Board in reviewing the implementation of the contractual arrangements and the legal compliance of WFOE and Operating Entity to deal with specific issues or matters arising from the contractual arrangements.

Reasons for and Benefits of the Acquisition

As stated in the Prospectus, in order to consolidate our leading position in the industry and break into new markets, we plan to pursue acquisitions and strategic alliances selectively that will further complement or synergize our existing businesses. The Company believes that the Acquisition will complement the Group's solutions product offerings, enable the Group to provide more integrated and comprehensive solutions to its customers and become a more competitive solution provider. At the same time, the Acquisition will further enhance the Group's technical innovation and SaaS operation capabilities, and allow the Company to expand the customer base in a cost-effective manner through effectively integrating the Target Group's telecom operator resources and customer resources, thereby boosting the Group's business growth. Details are specified below:

(I) Integrate the technology and solution application strengths of both parties to extend the healthcare IT solutions business

As an IT solution provider, the Company is actively engaged in the development of innovative healthcare IT solutions powered by artificial intelligence and big data analysis technologies. The Company's healthcare IT solutions comprise a range of products including comprehensive healthcare quality monitoring products, regional health management products, remote intelligent healthcare products and integrated healthcare administration products. Among them, the Group's core platform-level product, the healthcare quality control and safety alert platform (the "**Platform**"), is the first of its kind in the industry and has an apparent first-mover advantage in the market. The Platform utilizes extensive technological innovations, including real-time data mining and modeling based on massive medical data,

to enable products to analyze and predict risk trends in advance. As stated in the Prospectus, the Company intends to continue to develop the Group's healthcare quality control and safety alert platform, telemedicine system, clinical pathway management system, and newly developed smart healthcare platform solutions after the Listing.

As one of the leading cloud-based multi-functional communication solution providers in China, the Target Group has the technical and service experience of successfully building and operating SaaS and PaaS cloud communications platforms. By combining the respective technology and solution application advantages of the two groups, relying on the existing products and product innovation capabilities of the Group in the fields of artificial intelligence technology and healthcare big data solutions, and leveraging on the Target Group's SaaS and PaaS platform technology and experience in cloud communication services, the Group and the Target Group will jointly develop and enrich the application scenarios of smart healthcare solutions and telemedicine solutions, enhance the ability to provide more comprehensive and valuable healthcare solutions to customers, and accelerate the upgrading and promotion of smart healthcare solutions and telemedicine solutions. Besides, with the continuous development of 5G network, the features of 5G broadband, high speed, low latency, high reliability and massive connectivity, will be deeply integrated with the Internet of Things scenarios such as smart healthcare and telemedicine. The Acquisition will also benefit the Group in strengthening the competitiveness of its telemedicine system solutions and smart healthcare platform solutions in the context of 5G.

In addition, the Target Group also has many corporate customers in the healthcare-related industry including hospitals, rehabilitation centers, biopharmaceutical companies, pharmacy chains, pharmaceutical technology companies and healthcare products companies, which is also conducive for the Group to expanding the customer base and facilitating the development in the healthcare solutions business.

(II) Cultivating the application scenarios of both parties to create a financial IT services ecosystem

As an IT solutions provider, the Company also offers traditional and innovative software-driven solutions to customers in the financial sector, including innovative solutions powered by artificial intelligence technology. Since its Listing, the Company has continued to promote and develop innovative financial IT solutions by developing innovative AI products and cooperating with competitive vendors. For example, the Company has signed a cooperation agreement with Phua Foundation Software Co., Ltd. and Sichuan Huakun Zhenyu Intelligent Technology Co., Ltd. to jointly develop the "Newlink Artificial Intelligence All-in-One Machine", which will be used in servers and desktop computers with Huawei Kunpeng processors. The Group will also develop in-depth cooperation with ICBC Information and Technology Co., Ltd. (工銀科技有限公司) ("**ICBC Technology**"), a wholly-owned subsidiary of Industrial and Commercial Bank of China Limited ("**ICBC**"), in the field of AI. By complementing each other's strengths in basic capabilities such as Robotic Process Automation (RPA), intelligent Q&A (智能問答), intelligent recommendation (智能推薦) and knowledge graph, the two groups will provide comprehensive artificial intelligence solutions, innovative products and technical services to customers such as ICBC in the financial, healthcare and government sectors. For details, please refer to the announcement of the Company dated 27 July 2021.

The cloud communication solution of the Target Company contains intelligent voice Q&A, which is widely used in finance-related industries and segments, with a wide variety of customers including banks, insurance companies, securities companies, investment consultancy companies, internet finance companies and other enterprises. In addition, the Target Company has a good cooperative relationship with telecom operators and a customer base of more than 100,000 SMEs. For sizeable SMEs customers, they are not only target customers of the Target Company, but also of the financial enterprises.

The Acquisition will strengthen the Group's financial industry solution capability and market competitiveness in the following aspects: firstly, the solution services that the Target Group provides to customers in the financial industry can complement the Group's existing solutions, help the Group extend its product lines, supplement the application scenarios of the solution services to customers in the financial industry and other industries, and directly enhance the Group's ability to provide more comprehensive solutions to customers, thereby enhancing the market competitiveness of the Group's existing products and customer stickiness; secondly, in view of the financial industry customer base shared by the Target Group and the Group, the Target Group's sizeable SME customer base and the good cooperation relationship with telecommunications operators, the Acquisition will increase the business opportunities to promote the Group's innovative products and services such as RPA resolution and standard RPA products; thirdly, the Group will leverage its experience and technical strength in artificial intelligence and big data solutions to further develop artificial intelligence and big data analytics functional modules of the SaaS intelligent cloud contact center and PaaS enterprise messaging platform, and help SME customers improve their customer acquisition capabilities and work efficiency by providing more intelligent value-added services to them, thus enhancing customer stickiness and achieving accurate portraits of their business situation, business model and customer bases; fourthly, the Group will continue to meet the financing needs of its SME customers and, combined with the analysis of their profiles, provide advisory services to financial industry customers to support the design of their financial services products, and will also help match SME customers with more suitable financing products to mitigate their financing difficulties. In summary, on the basis of expanding the functions of the existing solutions, the Company will integrate and create a healthier financial IT customer service ecosystem by digging into the needs of its own different customer groups and those of the Target Company, and serve the customers with high value-added, innovative solutions and services that can directly improve its customer acquisition capabilities, product development capabilities, and financing capabilities.

(III) Enhance the company's profitability and improve the company's financial situation

Upon Completion of the Acquisition, the Target Company will become a wholly-owned subsidiary of the Company, and the Company's industrial layout will be further improved and optimized. The sustained profitability of the Target Group for the years from 2018 to 2020 and for the six months ended 30 June 2021, as well as the further regulation of the cloud communications industry through macro policies in recent years, have laid a solid foundation for the healthy and rapid development of the Target Group in the future. Upon Completion of the Acquisition, the profitability of the Enlarged Group will be enhanced, its operating cash flow will be improved, and its core competitiveness and sustainable development will be strengthened, which will bring better returns for the Shareholders.

In conclusion, the Acquisition is in line with the Company's business strategy of "striving to be a company with a strategic focus on providing key solutions to our customers" (as stated in the Prospectus), as well as the Company's expectation of strategic investment stated in the Prospectus. The Board considers that the terms of the Acquisition, including the Consideration, are fair and reasonable, and the Acquisition is in the interests of the Company and the Shareholders as a whole.

LISTING RULES IMPLICATIONS

As the highest applicable percentage ratio in respect of the Acquisition is more than 25% but less than 100%, the Acquisition constitutes a major transaction, and is therefore subject to the reporting, announcement, circular and Shareholders' approval requirements under Chapter 14 of the Listing Rules.

GENERAL

A circular containing, among other things, (i) details of the transactions contemplated under the Share Purchase Agreement (including the Control Agreements); and (ii) a letter of recommendation from the Board is expected to be dispatched to Shareholders on or around 15 September 2021 as more time is required to finalise the information to be included in the circular.

CHANGE OF USE OF PROCEEDS FROM THE GLOBAL OFFERING

Reference is made to the Prospectus. The Company originally estimated the IPO Proceeds would be approximately HK\$650.1 million. The Company actually raised an aggregate IPO Proceeds of HK\$790.4 million, with a surplus of HK\$140.3 million. As of 30 June 2021, the unused IPO Proceeds amounted to approximately HK\$765.4 million.

Having considered the reasons for and benefits of the Acquisition as set out in the section headed "Reasons for and benefits of the Acquisition" in this announcement, and 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 re-allocate the use of IPO Proceeds. The following table sets out the details of the IPO Proceeds originally raised, unutilized IPO proceeds as of the dates indicated and the re-allocated IPO Proceeds:

Intended use of the IPO Proceeds	Original allocation of the IPO Proceeds (approximate)		Surplus to the proceeds originally expected to be raised as disclosed in the Prospectus (approximate) HK\$ million	Unutilized IPO Proceeds as at 30 June 2021 (approximate) HK\$ million	Balance of the unutilized IPO Proceeds after re-allocation as at 30 June 2021 (approximate) HK\$ million
	amount HK\$ million	percentage			
Development of new solutions and upgrade of existing solutions within five years after Listing	632.3	80.0%	112.3	613.6	414.6
Development and upgrade of our medical quality control and safety warning system	158.1	20.0%	28.1	148.3	92.3
Development of our clinical pathway management system	158.1	20.0%	28.1	155.7	106.5
Development of our telemedicine system	79.0	10.0%	14.0	79.0	56.4
Development of new solution of intelligent healthcare platform	79.0	10.0%	14.0	75.6	53.6
Upgrade RPA solution	158.1	20.0%	28.1	155.0	105.8
Enhancing sales and marketing efforts	79.0	10.0%	14.0	72.8	34.8
Working capital and other general corporate purposes	79.0	10.0%	14.0	79.0	0.0
Sub-total	790.4	100%	140.3	765.4	435.4
Funds proposed to be used for the Acquisition	-	-	-	-	316.0
Total	790.4	100%	140.3	765.4	765.4

The Board is of the view that the re-allocation of IPO Proceeds will not materially affect the original use as disclosed in the Prospectus (“**Original Use**”). Firstly, as of the date of this announcement, the bank credit line available to the Company amounted to approximately RMB115 million, of which the unutilized amount is RMB100 million. The Company can supplement the working capital through bank loans in the future subject to the then circumstances. Secondly, as Jiangxi Samton recorded a net profits for the years from 2018, 2019 and 2020 and the six months ended 30 June 2021, the Board is of the view that, based on Jiangxi Samton’s business performance for the past three years and one period and its future performance guarantee, Jiangxi Samton is expected to bring continuous profits and contribute to the cash flow of the Group which can be used to cover the cash demand of the Original Use. For the avoidance of doubt, if the Acquisition is not materialized, the use of the IPO Proceeds is expected to remain the same.

For the reasons above as well as the reasons and benefits of the Acquisition, the Board is of the view that the re-allocation of the IPO Proceeds as set out above is in line with the business strategies of the Group and the revised allocation of the IPO Proceeds will enhance the efficiency of utilising the IPO Proceeds. The Board believes that such change of the use of proceeds from the Global Offering is fair and reasonable and will not have any material adverse effect on the Group’s existing businesses, operations and the on-schedule progress of projects originally planned to be funded by the IPO Proceeds, and is in the best interests of the Company and its Shareholders as a whole.

DEFINITIONS

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

“Acquisition”	the acquisition of 100% of the issued share capital of the Target Company pursuant to the Share Purchase Agreement
“Articles”	the articles of association of the Company as amended from time to time
“associate(s)”	has the meaning ascribed to it under the Listing Rules
“Board”	the board of Directors of the Company
“Closing Date”	the third Working Day or such other date as the Company may otherwise designate in writing upon fulfillment or waiver of all the conditions precedent to the Closing
“Closing” or “Completion”	the completion of the Acquisition pursuant to the terms of the Share Purchase Agreement
“Company” or “Purchaser”	Newlink Technology Inc. (新紐科技有限公司*), an exempted company incorporated in the Cayman Islands with limited liability and the issued Shares of which are listed on the Main Board of the Stock Exchange
“Consideration Shares”	the new Shares to be issued by the Company to the Vendors as partial payment of the Consideration
“Consideration”	the total consideration in respect of the Acquisition payable by the Purchaser to the Vendors pursuant to the terms of the Share Purchase Agreement, including cash and Consideration Shares
“Consideration Adjustment Mechanism”	the consideration adjustment mechanism as agreed in the Share Purchase Agreement
“Control Agreements”	collectively, the Exclusive Business Cooperation Agreement, the Exclusive Equity Purchase Agreement, the Equity Pledge Agreement, the Shareholders’ Right Entrustment Agreement and Powers of Attorney, and the Spouse Undertakings, executed among WFOE, Jiangxi Samton and Registered Shareholders to enable WFOE to have exclusive control over Jiangxi Samton in financial, operational and other aspects so as to consolidate the financial performance of Jiangxi Samton into the consolidated financial statements of the Target Company without holding any equity interest of it.

“Director(s)”	the directors of the Company
“Duxuan BVI”	Duxuan Holding Limited, a company incorporated in the British Virgin Islands with limited liability
“EGM”	the extraordinary general meeting of the Company to be convened and held for Shareholders to consider and, if thought fit, to approve the Share Purchase Agreement and the transactions contemplated thereunder, including the Specific Mandate
“Enlarged Group”	the Group as enlarged by the Acquisition
“Results Targets”	the performance benchmark of guaranteed net profit and revenue for the years of 2021, 2022, and 2023 as stated in the Share Purchase Agreement
“GAOWEI BVI”	GAOWEI ST HOLDING LIMITED, a company incorporated in the British Virgin Islands with limited liability
“Global Offering”	the Hong Kong public offering and the international offering of Shares in connection with the IPO
“Gongqingcheng Shangli BVI”	Gongqingcheng Shangli Holding Limited, a company incorporated in the British Virgin Islands with limited liability
“Gongqingcheng Yishang BVI”	Gongqingcheng Yishang Holding Limited, a company incorporated in the British Virgin Islands with limited liability
“Group” or “we/us”	the Company and its subsidiaries
“Guarantors”	Mr. PENG Peng, Mr. XIAO Yi, Ms. HUANG Ying, Gongqingcheng Shangli Investment Partnership (Limited Partnership) and Gongqingcheng Yishang Investment Partnership (Limited Partnership)
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong
“Hong Kong Company”	Samton Hong Kong Holdings Limited, a company incorporated in Hong Kong with limited liability
“Hong Kong”	the Hong Kong Special Administrative Region of the People’s Republic of China
“Huangying BVI”	Huangying Holding Limited, a company incorporated in the British Virgin Islands with limited liability
“Independent Appraiser”	Asia-Pacific Consulting and Appraisal Limited
“Issue Price”	the issue price of the Consideration Shares, being HK\$2.5575 per share

“IPO” or “Listing”	the Company’s initial public offering of its Shares
“IPO Proceeds”	the net proceeds from the Global Offering, amounted to approximately HK\$790.4 million
“Jiangxi Samton” or “Operating Entity”	Jiangxi Samton Technology Development Co., Ltd., a company incorporated in the PRC with limited liability
“Jinan Haomai BVI”	Jinan Haomai Holding Limited, a company incorporated in the British Virgin Islands with limited liability
“Last Trading Day”	13 August 2021
“Liaoxuefeng BVI”	Liaoxuefeng Holding Limited, a company incorporated in the British Virgin Islands with limited liability
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“Long-stop Date”	the date falling upon six months from the date of the Share Purchase Agreement, being 15 February 2022, or such later date as the parties may agree in writing
“Pengpeng BVI”	Pengpeng Holding Limited, a company incorporated in the British Virgin Islands with limited liability
“Performance Guarantee Vendors”	Pengpeng BVI, Xiaoyi BVI, Huangying BVI, Gongqingcheng Shangli BVI, Gongqingcheng Yishang BVI, Xulianwen BVI, Duxuan BVI and Liaoxuefeng BVI
“PRC Legal Adviser”	Beijing Jingtian & Gongcheng, the PRC legal adviser of the Company
“PRC”	the People’s Republic of China, which for the purpose of this announcement, excludes Hong Kong, Macao Special Administrative Region and Taiwan
“Prospectus”	the prospectus of the Company dated 21 December 2020 in relation to the Global Offering
“Registered Shareholders”	the Guarantors, Jinan Haomai Dongli Equity Investment Fund Partnership (Limited Partnership), XU Lianwen, DU Xuan, LIAO Xuefeng and GAO Wei

“RMB”	Renminbi, the lawful currency of the PRC
“Share Purchase Agreement”	the Share Purchase Agreement entered into by the Purchaser, Target Company, Vendors and Guarantors on 15 August 2021 in respect of the Acquisition
“Shareholder(s)”	holders of the Shares
“Shares”	ordinary shares of US\$0.000001 each in the share capital of the Company
“Specific Mandate”	the specific mandate sought to be granted by Shareholders at the EGM to allot and issue the Consideration Shares
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Target Company”	Samton (Cayman) Holdings Limited, a company incorporated in the Cayman Islands with limited liability
“Target Group”	the Target Company, its subsidiaries and any other entities controlled by the Target Company (for the avoidance of doubt, including but not limited to the Operating Entity)
“Transition Period”	the period between 1 July 2021 and the Closing Date (both days inclusive)
“Unadjusted Total Consideration”	RMB486 million, equivalent to HK\$583,685,626.44 (based on the intermediate exchange rate of RMB and Hong Kong dollars prevailing on 13 August 2021)
“US\$”	United States dollars, the lawful currency of the United States of America
“Vendors”	Pengpeng BVI, Xiaoyi BVI, Huangying BVI, Gongqingcheng Shangli BVI, Gongqingcheng Yishang BVI, Jinan Haomai BVI, Xulianwen BVI, Duxuan BVI, Liaoxuefeng BVI and GAOWEI BVI
“WFOE”	Jiangxi Yishang Enterprise Management Co., Ltd. (江西一尚企業管理有限公司), a wholly foreign-owned enterprise incorporated in the PRC
“Working Day”	any day other than a Saturday, a Sunday or a rest day of commercial banks in the PRC or Hong Kong prescribed or authorised by laws or administrative regulations, or a day on which a tropical cyclone warning signal number 8 or above or a “black” rainstorm warning signal is issued in Hong Kong (any time between 9 a.m. to 5 p.m. local time)
“Xiaoyi BVI”	Xiaoyi Holding Limited, a company incorporated in the British Virgin Islands with limited liability

“Xinjiang Zhenyang”	Xinjiang Zhenyang Information Technology Co., Ltd.* (新疆振陽信息科技有限公司), a company incorporated in the PRC with limited liability
“Xulianwen BVI”	Xulianwen Holding Limited, a company incorporated in the British Virgin Islands with limited liability
“%”	percentage

For and on behalf of the Board of
Newlink Technology Inc.
ZHAI Shuchun
Chairman

Beijing, the PRC, 15 August 2021

As at the date of this announcement, the executive Directors are Mr. ZHAI Shuchun, Ms. QIAO Huimin, Ms. QIN Yi and Mr. LI Xiaodong; and the independent non-executive Directors are Mr. TANG Baoqi, Ms. JING Liping and Mr. YE Jinfu.

* *For identification purposes only*