

*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.*



## **NEWLINK TECHNOLOGY INC.**

**新紐科技有限公司\***

*(Incorporated in the Cayman Islands with limited liability)*

**(Stock code: 9600)**

### **CONNECTED TRANSACTION DISPOSAL OF 100% EQUITY INTERESTS IN JIAFUTONG**

#### **Disposal**

The Board hereby announces that on December 14, 2022, Newlink Technology, a wholly-owned subsidiary of the Company, 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 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).

As of the date of this announcement, Newlink Technology holds 100% equity interests in Jiafutong, which is the indirect wholly-owned subsidiary of the Company. After the completion of the transaction contemplated under the Equity Transfer Agreement, Newlink Technology 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.

#### **Listing Rules Implications**

As of the date of this announcement, Mr. Zhai Shuchun is the controlling Shareholder and an executive director of the Company, holding indirectly approximately 41.65% of the issued shares of the Company. As of the date of this announcement, 82.875% of the equity interests in Guanruitong is held by Mr. Zhai Shuchun, therefore Guanruitong is an associate of Mr. Zhai Shuchun and a connected person of the Company. As such, the Disposal is a connected transaction of the Company under Chapter 14A of the Listing Rules.

As one or more of the applicable percentage ratios for the transaction contemplated under the Equity Transfer Agreement exceed 0.1% but all of the percentage ratios are less than 5%, the transaction under the Equity Transfer Agreement is only subject to the reporting and announcement requirements, and is exempted from the independent Shareholders' approval requirement under Chapter 14A of the Listing Rules.

## I. INTRODUCTION

Reference is made to the 2022 interim report of the Company published on September 22, 2022. On August 26, 2022, Newlink Technology entered into the Acquisition Agreement with Future Jialian, Li Hongtao, Li Ningning and Jiafutong, pursuant to which Newlink Technology has conditionally agreed to purchase and Future Jialian has conditionally agreed to sell, 100% equity interest in Jiafutong, and in this regard, Newlink Technology agreed to pay the Future Jialian the equity transfer consideration of RMB54.37 million in total (subject to the performance compensation arrangement). This acquisition does not constitute a notifiable transaction under the Chapter 14 of the Listing Rules. As of the date of this announcement, Newlink Technology has fulfilled the first installment payment obligation in the amount of RMB13,840,727.47 to Future Jialian in accordance with the Acquisition Agreement and the Supplementary Agreement.

In the course of performing the Acquisition Agreement, Newlink Technology continuously follows up with the implementation of the performance commitments for 2022 and the progress on rectification of compliance agreed by Jiafutong in the Acquisition Agreement, and it is expected that the purposes of the Acquisition Agreement will not be fulfilled for Newlink Technology. In order to further protect the interests of the minority Shareholders of the Company and avoid further losses caused by Newlink Technology's Acquisition of Jiafutong, Newlink Technology intends to transfer all of its rights, interests and obligations under the Acquisition Agreement and other transaction documents to Guanruitong.

The Board hereby announces that on December 14, 2022, Newlink Technology, a wholly-owned subsidiary of the Company, 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 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).

As of the date of this announcement, Newlink Technology holds 100% equity interests in Jiafutong, which is the indirect wholly-owned subsidiary of the Company. After the completion of the transaction contemplated under the Equity Transfer Agreement, Newlink Technology no longer holds any equity interest in Jiafutong, thus the Company will no longer indirectly hold any equity interest in Jiafutong. Jiafutong will no longer be a subsidiary of the Company.

## II. EQUITY TRANSFER AGREEMENT

**Date:** December 14, 2022

**Parties:**

- (1) Newlink Technology (as Transferor);
- (2) Guanruitong (as Transferee) and
- (3) Mr. Zhai Shuchun

**Subject Matter:** 100% equity interest in Jiafutong held by Newlink Technology (“Target Equity Interest”)

**Consideration and Payment:**

RMB54,370,000, determined after a comprehensive evaluation based on the Jiafutong's financial performance as of November of 2022 as it is expected that the 2022 performance commitment will not be able to be fulfilled. The following two arrangements are mainly included:

- (1) As of the date of this announcement, Newlink Technology has paid the purchase price of RMB13,840,727.47 to Future Jialian in accordance with the Acquisition Agreement and the Supplementary Agreement ("**First Installment**"). Therefore, the actual equity transfer consideration payable by Guanruitong or Mr. Zhai Shuchun to Newlink Technology shall be RMB13,840,727.47 to be paid in three installments within three years after the execution of the Equity Transfer Agreement, among which no less than one third of the equity purchase price of RMB13,840,727.47, i.e. RMB4,613,575.83, shall be paid to Newlink Technology in each year in 2023 and 2024, and the balance shall be paid in 2025. As for the payment of equity transfer consideration in installments, Guanruitong and Mr. Zhai Shuchun agree to pay a fund occupation fee to Newlink Technology based on the specific occupied amount of the equity transfer consideration at the benchmark interest rate of three-year fixed deposits of the People's Bank of China together with the payment of the consideration in each year ("**Fund Occupation Fee**").
- (2) Guanruitong will succeed Newlink Technology's payment obligation of the outstanding equity purchase price under the Acquisition Agreement. Guanruitong shall perform the payment obligation to the Future Jialian in accordance with the Acquisition Agreement in two installments, i.e. upon the fulfillment of the performance commitment in 2022 and 2023, Guanruitong shall pay RMB10.42 million to the bank account designated by Future Jialian (the "**Second Installment**"); upon the fulfillment of the performance commitment in 2022, 2023 and 2024, Guanruitong shall pay RMB25.75 million to the bank account designated by Future Jialian (the "**Third Installment**").

**Other Terms:**

The date of the execution of the Equity Transfer Agreement shall be the closing date for the transfer of the Target Equity Interest. Guanruitong shall become a shareholder of Jiafutong from the closing date, lawfully hold the Target Equity Interest and enjoy all equity rights. Newlink Technology covenants to register the Target Equity Interest in the name of Guanruitong prior to December 31, 2022.

All rights entitled by Newlink Technology to Jiafutong based on the Acquisition Agreement shall be legally assumed by Guanruitong. After the execution of the Equity Transfer Agreement, Guanruitong shall have the right to exercise all rights against Jiafutong in accordance with the provisions of the Acquisition Agreement, and Newlink Technology shall actively procure Jiafutong to perform the corresponding obligations to Guanruitong.

The Equity Transfer Agreement shall be formed and become effective upon signature and seal by the parties.

### III. INFORMATION ON JIAFUTONG

Jiafutong is a limited company incorporated in China. As of the date of this announcement, Jiafutong is an indirect wholly-owned subsidiary of the Company with subscribed registered capital of RMB10 million, including the paid-up registered capital of RMB7.8 million. Jiafutong is a financial SaaS system service provider, mainly engaged in providing aggregate payment technical services to small, medium and micro enterprises. Upon the completion of the Disposal, the business of Guanruitong and its subsidiaries will not compete with the business of the Group. According to the audited financial statements prepared based on China Accounting Standards for Business Enterprises, as of December 31, 2021, Jiafutong's audited total assets and net assets were approximately RMB6,050,405.56 and RMB1,999,303.82, respectively.

The shareholding structures of Jiafutong as of the date of this announcement and immediately after the completion of the Disposal are set forth below:

<b>Shareholder</b>	<b>As of the date of this announcement (%)</b>	<b>After the completion of the Disposal (%)</b>
Newlink Technology	100%	0
Guanruitong	0	100%
	<hr/>	<hr/>
Total	<u>100%</u>	<u>100%</u>

The following table sets out the audited financial information of Jiafutong for the two years ended 31 December 2021:

	<b>Year Ended December 31, 2020 (RMB)</b>	<b>Year Ended December 31, 2021 (RMB)</b>
Net Profit before Tax Deduction	-3,757,223.36	748,869.71
Net Profit after Tax Deduction	-3,844,280.08	748,869.71

#### **IV. REASONS FOR AND BENEFITS OF ENTERING INTO THE EQUITY TRANSFER AGREEMENT**

In the course of performing the Acquisition Agreement, Newlink Technology continuously follows up with the implementation of the performance commitments for 2022 and the progress on rectification of compliance agreed by Jiafutong in the Acquisition Agreement, and it is expected that the purposes of the Acquisition Agreement will not be fulfilled for Newlink Technology. In order to further protect the interests of the minority Shareholders of the Company and avoid further losses caused by Newlink Technology's Acquisition of Jiafutong, Newlink Technology intends to transfer all of its rights, interests and obligations under the Acquisition Agreement and other transaction documents to Guanruitong.

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

#### **V. FINANCIAL IMPACT OF THE DISPOSAL**

It is expected that the Group will record pre-tax gain of the total amount of Fund Occupation Fee as a result of the Disposal, calculated on the basis of the difference between the actual consideration expected to be received by the Company under the Equity Transfer Agreement and the first installment made by the Company. The actual gain from the Disposal will be subject to the review by the Group's auditors.

Upon completion of the Disposal, Jiafutong will cease to be a subsidiary of the Company. The performance, assets and liabilities of Jiafutong will not be consolidated into the consolidated financial statements of the Group.

#### **VI. USE OF PROCEEDS**

The Company intends to apply the proceeds from the Disposal for general working capital of the Group.

#### **VII. LISTING RULES IMPLICATIONS**

As of the date of this announcement, Mr. Zhai Shuchun is the controlling Shareholder and an executive director of the Company, holding indirectly approximately 41.65% of the issued shares of the Company. As of the date of this announcement, 82.875% of the equity interests in Guanruitong is held by Mr. Zhai Shuchun, therefore Guanruitong is an associate of Mr. Zhai Shuchun and a connected person of the Company. As such, the Disposal is a connected transaction of the Company under Chapter 14A of the Listing Rules.

As one or more of the applicable percentage ratios for the transaction contemplated under the Equity Transfer Agreement exceed 0.1% but all of the percentage ratios are less than 5%, the transaction under the Equity Transfer Agreement is only subject to the reporting and announcement requirements, and is exempted from the independent Shareholders' approval requirement under Chapter 14A of the Listing Rules.

Mr. Zhai Shuchun, being a Director, is deemed to have material interests in the Disposal, and thus has abstained from voting on the resolution in relation to the Disposal at the board meeting. Save as mentioned above, none of the other Directors has a material interest in the Disposal.

## **VIII. GENERAL INFORMATION OF THE PARTIES TO THE TRANSACTION**

### **Newlink Technology and the Group**

Newlink Technology, established under the laws of the PRC with limited liability, is a wholly-owned subsidiary of the Company. It is primarily engaged in investment holding. The Group is primarily engaged in providing IT solutions, especially technology-driven IT solutions based on self-developed software products.

### **Guanruitong**

Guanruitong, established under the laws of the PRC with limited liability on March 10, 2017, is primarily engaged in e-commerce business, which provides office supplies procurement services for corporate customers.

## **IX. DEFINITIONS**

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

“Acquisition Agreement”	the acquisition agreement in relation to the share acquisition of the Beijing Jiafutong Network Technology Co., Ltd. entered into among Newlink Technology, Future Jialian, Li Hongtao, Li Ningning and Jiafutong on August 26, 2022, pursuant to which Newlink Technology has conditionally agreed to purchase and Future Jialian has conditionally agreed to sell 100% of the equity interests in Jiafutong at the total consideration of RMB 54,370,000 (subject to performance compensation arrangement).
“associate”	has the meaning ascribed to it under the Listing Rules
“Board”	the board of Directors
“Company”	Newlink Technology Inc. (新紐科技有限公司*), an exempted company incorporated in the Cayman Islands with limited liability and the issued Shares of which are listed on the Main Board of the Stock Exchange
“connected person”	has the meaning ascribed to it under Listing Rules

“connected transaction”	has the meaning ascribed to it under Listing Rules
“Directors”	Directors of the Company
“Disposal”	disposal of 100% equity interests in Jiafutong pursuant to the Equity Transfer Agreement
“Equity Transfer Agreement”	the Equity Transfer Agreement entered into among Newlink Technology, Guanruitong and Mr. Zhai Shuchun on December 14, 2022, pursuant to which Guanruitong will purchase 100% equity interests in Jiafutong held by Newlink Technology with a total consideration of RMB54.37 million (subject to the performance compensation arrangement).
“Future Jialian”	Beijing Future Jialian Technology Development Co., Ltd. (北京未來佳聯科技發展有限公司), a company established under the laws of the PRC with limited liability
“Group”	the Company and its subsidiaries
“Guanruitong”	Beijing Guanruitong E-Commerce Technology Co., Ltd. (北京冠瑞通電子商務科技股份有限公司), a company established under the laws of the PRC with limited liability
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC
“Jiafutong”	Newlink Technology (Beijing) Co., Ltd.* (紐領科技(北京)有限公司), a company established under the laws of the PRC with limited liability and a wholly-owned subsidiary of the Company
“Listing Rules”	the Hong Kong Special Administrative Region of the PRC
“Newlink Technology”	Newlink Technology (Beijing) Co., Ltd.* (紐領科技(北京)有限公司), a company established under the laws of the PRC with limited liability and a wholly-owned subsidiary of the Company
“PRC”	the People’s Republic of China, which for the purpose of this announcement, excludes Hong Kong, Macao Special Administrative Region and Taiwan
“RMB”	Renminbi, the lawful currency of the PRC
“Shareholders”	holders of the Shares
“Shares”	ordinary shares of US\$0.000001 each in the share capital of the Company
“Stock Exchange”	The Stock Exchange of Hong Kong Limited

“Supplementary Agreement” the supplementary agreement to the acquisition agreement in relation to the share acquisition of the Beijing Jiafutong Network Technology Co., Ltd. entered into among Newlink Technology, Future Jialian and Jiafutong on September 13, 2022, pursuant to which Newlink Technology and Future Jialian agree to deduct the debts of Future Jialian and its affiliates to Jiafutong from the first installment payable by Newlink Technology, thus the amount payable by Newlink Technology shall be RMB13,840,727.47 for the first installment.

“%”

percentage

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

Beijing, the PRC, December 14, 2022

*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.*

\* *For identification purposes only*