NEWBORN TOWN INC.
赤子城科技有限公司
(Incorporated in the Cayman Islands with limited liability)
(Stock Code: 9911)

INSIDE INFORMATION
PROFIT ALERT

This announcement is made by Newborn Town Inc. (the "**Company**", together with its subsidiaries, the "**Group**") pursuant to Rule 13.09(2) of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "**Listing Rules**") and the Inside Information Provisions (as defined under the Listing Rules) under Part XIVA of the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong).

The board (the "**Board**") of directors (the "**Directors**") of the Company hereby informs the shareholders of the Company and potential investors that, based on the preliminary review of the unaudited consolidated management accounts of the Group for the year ended 31 December 2020 and other information currently available to the Company, it is expected that, as compared to the corresponding period in 2019, (i) the Group will record a total revenue of approximately RMB1,100 million to RMB1,250 million for the year ended 31 December 2020, representing an increase of approximately 180% to 220% as compared with the corresponding period in 2019. Such expected increase is mainly due to the rapid growth of the social networking business (including the increase in user scale, the expansion of markets covered and the diversification of monetization methods) and the steady expansion of the game business; (ii) the Group will record a net profit of approximately RMB100 million to RMB120 million for the year ended 31 December 2020, representing an increase of approximately 45% to 75% as compared with the corresponding period in 2019; and will record an adjusted net profit of approximately RMB140 million to RMB160 million for the year ended 31 December 2020, representing an increase of approximately 25% to 45% as compared with the corresponding period in 2019. Such expected increase is mainly attributable to the continuous rapid growth in the net profit of the social networking business; and (iii) the Group will record the profit attributable to owners of the Company of approximately RMB33 million to RMB47 million for the year ended 31 December 2020, representing a decrease of approximately 30% to 50% as compared with the corresponding period in 2019. Such expected decrease is mainly attributable to: (i) the share-based compensation expenses of the Company incurred by the completion of the grant of restricted share units in the first half of 2020 for the purpose of better attracting and incentivising employees in the long-term; (ii) the Company's increased efforts in research and development and promotion on its social networking apps and game apps; and (iii) the Company scaling down the development of programmatic advertising platform business in view of the outbreak of novel coronavirus epidemic and economic downturn.

Adjusted net profit is defined as profit for the year adjusted by share-based compensation expenses, listing expenses, interest income from the application monies locked-up during the initial public offering and fair value changes of convertible redeemable preferred shares and deducting their respective tax effects.

The Group will continue to make its presence in the global market, promote the "Traffic +" strategy, redouble its efforts in the global open-end social networking sector, and focus on the development of the audio and video social networking. The Company will focus on the social networking business, continue to extend vertically and explore diversified businesses in ways that continue to create greater value.

The Company is still in the process of finalising the consolidated results of the Group for the year ended 31 December 2020. The information contained in this announcement is only based on the unaudited consolidated management accounts of the Group and other information currently available to the Board, which have not been reviewed or audited by the Company's auditors. The actual results of the Group for the year ended 31 December 2020 may be different to the information referred in this announcement. The announcement of annual results of the Group for the year ended 31 December 2020 is expected to be published by the end of March 2021.

Shareholders of the Company and potential investors are advised to exercise caution when dealing in the securities of the Company.

By order of the Board
Newborn Town Inc.
LIU Chunhe
Chairman of the Board

Beijing, 3 March 2021

As at the date of this announcement, the executive Directors of the Company are Mr. LIU Chunhe, Mr. LI Ping and Mr. WANG Kui; and the independent non-executive Directors of the Company are Mr. PAN Xiya, Mr. CHI Shujin and Mr. LIU Rong.