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newborntown

NEWBORN TOWN INC.

赤子城 科技 有限 公司

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 9911)

**DISCLOSEABLE TRANSACTION
CONNECTED TRANSACTION**

PROPOSED ESTABLISHMENT OF THE FUND

*Independent Financial Adviser to the Independent Board Committee
and the Independent Shareholders*



SOMERLEY CAPITAL LIMITED

PROPOSED ESTABLISHMENT OF THE FUND

The Board is pleased to announce that, on 13 January 2022, the Board has approved entering into the Partnership Agreement in relation to the Fund to be established. Such agreement is expected to be entered into among the Company, Spriver Tech Limited (“**Spriver**”) and a wholly-owned subsidiary of Spriver before 31 March 2022, pursuant to which, the total fund-raising target of the Fund to be established shall be in the amount of US\$100 million, of which, the wholly-owned subsidiary of Spriver (as the General Partner) shall make cash contribution in the amount of US\$0.1 million, Spriver (as the Limited Partner) shall make cash contribution in the amount of US\$49.9 million, and the Company (as the Limited Partner) shall make cash contribution in the amount of US\$50 million.

LISTING RULES IMPLICATIONS

As at the date of this announcement, Spriver is one of the controlling shareholders of the Company. Each of Spriver and its wholly-owned subsidiary constitutes a connected person of the Company under Rule 14A.07 of the Listing Rules. Therefore, the formation of the Fund under the Partnership Agreement constitutes a connected transaction of the Company under Chapter 14A of the Listing Rules.

As one or more of the applicable percentage ratios (as defined under the Listing Rules) in respect of the formation of the Fund under the Partnership Agreement exceed 5% but the applicable percentage ratios are less than 25%, therefore, the formation of the Fund under the Partnership Agreement constitutes (i) a discloseable transaction of the Company which is subject to the announcement requirement under Chapter 14 of the Listing Rules; and (ii) a non-exempt connected transaction of the Company which is subject to the announcement, circular and Independent Shareholders' approval requirements under Chapter 14A of the Listing Rules.

INDEPENDENT BOARD COMMITTEE AND INDEPENDENT FINANCIAL ADVISER

The Independent Board Committee, comprising all the independent non-executive Directors, has been established to advise the Independent Shareholders in respect of the formation of the Fund under the Partnership Agreement. Somerley Capital Limited is appointed as the Independent Financial Adviser to advise the Independent Board Committee and the Independent Shareholders in the same respect.

GENERAL

The Company will convene a general meeting to approve, among other things, the Partnership Agreement and the transactions contemplated thereunder. To the best of the Directors' knowledge, information and belief, having made all reasonable enquiries, except Mr. Liu Chunhe and Mr. Li Ping, no Shareholder and its respective associates has material interest in the Partnership Agreement and the transactions contemplated thereunder.

A circular containing, among other things, a notice that contains further details of the formation of the Fund under the Partnership Agreement and the transactions contemplated thereunder, a letter from the Independent Board Committee and the advice from Somerley Capital Limited, is expected to be despatched to the Shareholders on or before 24 February 2022 as additional time is required by the Company to prepare and finalise certain information for inclusion in the circular.

The Directors, excluding the independent non-executive Directors whose views will be formed after taking into account the advice of the Independent Financial Adviser, are of the view that the terms of the Partnership Agreement are determined after arm's length negotiation on normal commercial terms, the proposed transactions thereunder are fair and reasonable and in the interests of the Company and the Shareholders as a whole.

DISCLOSEABLE TRANSACTION AND CONNECTED TRANSACTION

The Board is pleased to announce that, on 13 January 2022, the Board has approved entering into the Partnership Agreement in relation to the Fund to be established. Such agreement is expected to be entered into among the Company, Spriver Tech Limited (“**Spriver**”) and a wholly-owned subsidiary of Spriver before 31 March 2022, pursuant to which, the total fund-raising target of the Fund to be established shall be in the amount of US\$100 million, of which, the wholly-owned subsidiary of Spriver (as the General Partner) shall make cash contribution in the amount of US\$0.1 million, Spriver (as the Limited Partner) shall make cash contribution in the amount of US\$49.9 million, and the Company (as the Limited Partner) shall make cash contribution in the amount of US\$50 million.

The principal terms of the Partnership Agreement are set out below.

Parties

- (i) A wholly-owned subsidiary of Spriver (as the General Partner);
- (ii) The Company (as the Limited Partner); and
- (iii) Spriver (as the Limited Partner)

Principal purpose of the Fund

The Fund shall operate from a global perspective, and the purposes of the Fund are (a) to participate in the going-private transaction of BlueCity Holdings Limited (NASDAQ: BLCT) by making equity investment in the buyer consortium which will be formed for the purpose of acquiring all of the outstanding ordinary shares of BlueCity Holdings Limited that are not beneficially owned by the buyer consortium; (b) to focus on achieving capital growth primarily through privately negotiated equity and equity-related investments including without limitation by way of participating in privatisation transactions similar to (a), whether directly or indirectly, in companies that operate in a variety of sectors, primarily in companies driven by TMT (Telecommunication, Media, Technology), Metaverse, social media and electronic game demand of the global market, in accordance with and subject to the other provisions of the Partnership Agreement; (c) to engage in such other activities as the General Partner in good faith deems necessary, advisable or incidental to the foregoing; and (d) to engage in any other lawful acts or activities consistent with the foregoing for which exempted limited partnerships may be formed under the ELP Act, provided that the Partnership shall not undertake business with the public in the Cayman Islands (other than so far as may be necessary for the carrying on of the business of the Partnership exterior to the Cayman Islands).

Commitments and contributions

The aggregate commitments of the partners to the Fund and aggregate capital commitments to the Parallel Funds (if any) shall not exceed US\$100 million. Each Limited Partner irrevocably agrees to make contributions to the Fund up to, in aggregate, the amount specified as its commitment in its Subscription Agreement. The minimum and maximum aggregate commitments which the General Partner may accept shall be determined by the General Partner. The aggregate commitments to the Fund and capital commitments to any of the Parallel Funds (if any) of the General Partner shall as of the final closing equal to at least 0.1% of the aggregate commitments of the partners to the Fund and the capital commitments to the Parallel Funds.

Pursuant to the Partnership Agreement, the respective capital commitments of the partners is set out below:

Partners	Type	Capital commitment amount (US\$ million)	Percentage of the interest in the Fund
A wholly-owned subsidiary of Spriver	General Partner	0.1	0.1%
The Company	Limited Partner	50.0	50.0%
Spriver	Limited Partner	49.9	49.9%
Total		<u>100.0</u>	<u>100.0%</u>

The capital commitment amounts listed above of Spriver, a wholly-owned subsidiary of Spriver and the Company were determined by the parties to the Partnership Agreement through arm's-length negotiation. Spriver and a wholly-owned subsidiary of Spriver will settle the capital commitment amount by their respective self-raised funds and the Company will settle the capital commitment from its own funds.

At any time and from time to time on or prior to the commitment expiration date, each limited partner shall contribute to the Fund, on or before the relevant drawdown date, its pro rata share of the aggregate amount to be contributed by all limited partners for any Portfolio Investment, for any Fund expenses or for any other purpose permitted by the Partnership Agreement.

Distributions

Income shall be distributed at such times and intervals as the General Partner shall determine. The General Partner may retain such part of any income received as the General Partner consider prudent for reserves to meet future Fund expenses and other liabilities of the Fund.

Management

The Fund shall be managed by the General Partner. The Company, as the Limited Partner, does not consolidate the financial statements of the Fund and the companies held by the Fund.

Management fees

General Partner will receive a management fee, out of the assets of the Fund, each year, equivalent to 1% (one percent) per annum of the aggregate amount of contributions to be made by each Limited Partner in respect of Portfolio Investments, less contributions to be made by each Limited Partner in respect of Portfolio Investments that have been realised, disposed of or written off as at the relevant date.

Broken deal expenses

Broken deal expenses shall be paid out of the assets of the Fund, which shall include all out-of-pocket costs and expenses (including legal, accounting, auditing, tax, consulting, evaluation, travel, catering, accommodation and other costs and expenses) incurred by the Fund, the General Partner or its shareholders, directors, officers, employees, agents and affiliates in relation to any proposed transaction, investment or disposition opportunity of the Fund that is not ultimately consummated.

Governing law

The Partnership Agreement shall be governed by and construed in accordance with the laws of the Cayman Islands.

Jurisdiction

Each partner irrevocably agrees to submit to the non-exclusive jurisdiction of the courts of the Cayman Islands over any claim or matter arising under or in connection with the Partnership Agreement. Each Limited Partner waives as a defence that any action, suit or proceeding brought in the courts of the Cayman Islands has been brought in an inconvenient forum or that the venue thereof may not be appropriate and, furthermore, agrees that venue in the Cayman Islands for any such action, suit or proceeding is appropriate

The terms of the Partnership Agreement were determined after arm's length negotiation between the parties.

REASONS AND BENEFITS OF ENTERING INTO THE PARTNERSHIP AGREEMENT

The Fund will expand its reach in global market, center on the field of TMT with a primary focus on opportunities for investment in Metaverse, social networking and game and other industries, including but not limited to businesses such as social networking and game products targeting different users and communities, avatar creation, copyrights of music content, augmented reality and virtual reality. Leveraging on the Fund established pursuant to the Partnership Agreement, the Company could continue to grow and expand on the basis of its existing principal businesses, enhance the Company's industry influence and solidify its industry foundation. It is also of benefit to the Company forward-looking strategic plans as the partnership is expected to serve as a platform for the Company to pursuit new development opportunities and expand business scope.

Mr. Liu Chunhe and Mr. Li Ping are considered to be interested in the connected transaction contemplated under the Partnership Agreement and have abstained from voting for the Board resolution to approve the connected transaction. Save for Mr. Liu Chunhe and Mr. Li Ping, none of the other Directors is regarded as having a material interest in establishing the Fund. Accordingly, none of the other Directors is required to abstain from voting on the resolutions with respect to the approval of establishing the Fund at the board meeting under the Listing Rules.

INFORMATION ON PARTIES TO THE PARTNERSHIP AGREEMENT

Spriver is one of the controlling shareholders of the Company. Spriver is an investment holding company incorporated in the British Virgin Islands with limited liability. Mr. Liu Chunhe holds 100% of shares of Spriver.

The Company focuses on the global open social networking sector, as well as emerging modes in social networking including video and audio formats, creating a range of diversified social networking products including video social networking, audio social networking and live-streaming social networking. Its representative products include Yumy, MICO and YoHo, which are highly popular in areas such as Middle East, North America, Southeast Asia and South Asia.

A wholly-owned subsidiary of Spriver, one of Limited Partners, will be incorporated in the Cayman Islands.

The Company will make further announcement if the Partnership Agreement is not entered into or there will be a significant delay in the entering into of the Partnership Agreement.

LISTING RULES IMPLICATIONS

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GENERAL

The Company will convene a general meeting to approve, among other things, the formation of the Fund under the Partnership Agreement. To the best of the Directors' knowledge, information and belief, having made all reasonable enquiries, except for Mr. Liu Chunhe and Mr. Li Ping, no Shareholder and its respective associates has material interest in the Partnership Agreement and the transactions contemplated thereunder.

A circular containing, among other things, a notice that contains further details of the formation of the Fund under the Partnership Agreement, a letter from the Independent Board Committee and the advice from Somerley Capital Limited, is expected to be despatched to the Shareholders on or before 24 February 2022 as additional time is required by the Company to prepare and finalise certain information for inclusion in the circular.

The Directors, excluding the independent non-executive Directors whose views will be formed after taking into account the advice of the independent financial adviser, are of the view that the terms of the Partnership Agreement are determined after arm's length negotiation on normal commercial terms, the proposed transactions thereunder are fair and reasonable and in the interests of the Company and the Shareholders as a whole.

DEFINITIONS

In this announcement, the following expressions shall have the meanings set out below unless the context requires otherwise:

“Board”	the board of Directors
“Business Day”	any day (excluding a Saturday) on which banks are generally open for business in Hong Kong and the Cayman Islands
“Company”	Newborn Town Inc. (赤子城科技有限公司), a company incorporated in the Cayman Islands with limited liability, the Shares of which are listed on the Main Board of the Stock Exchange (Stock Code: 9911)
“connected person(s)”	has the meaning ascribed to it under the Listing Rules
“Director(s)”	the director(s) of the Company
“ELP Act”	the Exempted Limited Partnership Act (2021 Revision) of the Cayman Islands
“General Partner”	a wholly-owned subsidiary of Spriver
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC
“Independent Board Committee”	the independent board committee of the Board, comprising Mr. GAO Ming, Mr. CHI Shujin and Mr. HUANG Sichen, all being the independent non-executive Directors of the Company
“Independent Shareholders”	the Shareholders who are not required to abstain from voting in favour of the resolution for approving the proposed resolutions under the Listing Rules
“Independent Third Party(ies)”	person(s) who is(are) third party(ies) independent of the Company and its connected persons (as defined under the Listing Rules)
“Interest”	the entire limited partnership interest of a Limited Partner in the Fund at a particular time, including the right of such Limited Partner to any and all benefits to which it may be entitled as provided in the Partnership Agreement, together with the obligations of such Limited Partner to comply with all the terms and provisions of the Partnership Agreement

“Limited Partner(s)”	any person who has been admitted by the General Partner as a limited partner of the Fund in accordance with the terms of the Partnership Agreement and has not ceased to be a limited partner of the Fund in accordance with such terms
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange, as amended from time to time
“Spriver”	Spriver Tech Limited, an investment holding company incorporated in the British Virgin Islands with limited liability
“Temporary Liquid Investments”	cash, cash deposits or debt instruments issued by governments, financial institutions or companies having a maturity as at the date of their acquisition of not more than 1 (one) year or listed securities considered by the General Partner to be liquid
“Parallel Funds”	one or more additional collective investment schemes, vehicles or other arrangements, each such collective investment scheme, vehicle or arrangement, may be managed, sponsored, advised, or established (at the cost of such investors) by the General Partner or any Affiliates in order to facilitate investment by certain investors
“Partnership” or “Fund”	Metaclass Management ELP, an exempted limited partnership to be established under the laws of the Cayman Islands
“Partnership Agreement”	the amended and restated exempted limited partnership agreement to be entered into before 31 March 2022 among Spriver, a wholly-owned subsidiary of Spriver and the Company
“Portfolio Investment”	a direct or indirect interest in any securities, assets or rights in the nature of investments, acquired by the Fund but does not include Temporary Liquid Investments
“PRC” or “China”	the People’s Republic of China. For the purposes of this announcement only and except where the context requires otherwise, excludes Hong Kong, the Macau Special Administrative Region of the PRC and Taiwan
“Shareholder(s)”	the holder(s) of the Shares
“Sommerley” or “Independent Financial Adviser”	Sommerley Capital Limited, a corporation licensed to carry out Type 1 (dealing in securities) and Type 6 (advising on corporate finance) regulated activities under the SFO, which has been appointed as the independent financial adviser to the Independent Board Committee and the Independent Shareholders in respect of the formation of the Fund under the Partnership Agreement
“Stock Exchange”	The Stock Exchange of Hong Kong Limited

“Subscription Agreement” an agreement entered into between the General Partner and a subscriber for an Interest, which agreement shall be in the form approved by the General Partner and shall set out such terms as the General Partner may determine, by which such subscriber agrees its commitment and, upon acceptance by the General Partner, by which such subscriber becomes a party to the Partnership Agreement as a Limited Partner

“US\$” United States dollars, the lawful currency of the United States of America

“%” Per cent

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

Beijing, 13 January 2022

As at the date of this announcement, the executive Directors of the Company are Mr. LIU Chunhe, Mr. LI Ping, Mr. YE Chunjian and Mr. SU Jian; and the independent non-executive Directors of the Company are Mr. GAO Ming, Mr. CHI Shujin and Mr. HUANG Sichen.