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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)**

## **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 of directors (the “**Directors**”) of the Company (the “**Board**”) 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 2021 and other information currently available to the Group, it is expected that, as compared to the corresponding period in 2020:

(i) total revenue for the year ended 31 December 2021 is expected to be approximately RMB2,300 million to RMB2,400 million, representing an increase of approximately 100% as compared to that for the corresponding period of 2020. Such expected increase is primarily a result of the rapid growth of social networking business (including the increase in user base, the improvement in users value and successful entrance into the developed market);

(ii) net loss for the year ended 31 December 2021 is expected to be approximately RMB375 million to RMB395 million. Such expected decrease is caused by one-off share-based compensation expenses arising from the minority shareholders transferring the shares to the shareholding platform in the course of the reorganization of the Company’s controlling subsidiary and share-based compensation expenses generating from the share options and restricted share units issued by the Company in 2021. The one-off share-based compensation expenses arising from the reorganization of the controlling subsidiary are approximately RMB590 million and the share-based compensation expenses attributable to the year of 2021 generating from the share options and restricted share units are approximately RMB108 million;

(iii) the adjusted net profit for the year ended 31 December 2021 is expected to be approximately RMB300 million to RMB320 million, representing an increase of nearly 100% as compared to that for the corresponding period of 2020. Such expected increase is mainly due to the continuous rapid increase of the net profit in social networking business;

(iv) the Company's adjusted EBITDA for the year ended 31 December 2021 will be approximately RMB350 million to RMB375 million, representing an increase of more than 75% as compared to that for the corresponding period of 2020.

Adjusted net profit is defined as profit for the year adjusted by share-based compensation expenses, and deducting their tax effects. Adjusted EBITDA is defined as operating profit upon adjustment adjusted by share-based compensation expenses, depreciation and amortization.

The Group will continue to deepen the development of open-end social networking sector in the global market, enrich audio and video social products portfolio to serve more global groups, keep exploring metaverse social networking scenario, providing users with a diversified, efficient and immersive social experience. While continuing to consolidate emerging markets, the Company will vigorously explore the developed markets such as Europe, America, Japan and Korea, and enhance brand influence of the Company in the world. In addition, the Company will further promote high-quality game strategy, strengthen the synergies between social networking and game, and proactively explore diversified development opportunities in overseas markets.

The Company is still in the process of finalising the consolidated results of the Group for the year ended 31 December 2021. 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 2021 may be different to the information referred in this announcement. The announcement of annual results of the Group for the year ended 31 December 2021 is expected to be published by the end of March 2022.

**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, 8 March 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.*