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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 half-year ended 30 June 2022 and other information currently available to the Group, it is expected that, as compared to the corresponding period in 2021:

- (i) total revenue for the half-year ended 30 June 2022 is expected to be approximately RMB1,350 million to RMB1,400 million, representing an increase of more than 30% as compared to that for the corresponding period of 2021. Such expected increase is primarily a result of the continuous and sound growth of social networking business of the Group;
- (ii) net profit for the half-year ended 30 June 2022 is expected to be approximately RMB145 million to RMB165 million, representing an increase of approximately 5% to 20% as compared to that for the corresponding period of 2021. Such expected increase is mainly attributable to the reduction in losses resulting from the gradual growth trend of the innovative business of the Group;
- (iii) profit attributable to the owners of the Company for the half-year ended 30 June 2022 is expected to be approximately RMB75 million to RMB95 million, representing an increase of approximately 103% to 157% as compared to that for the corresponding period of 2021. Such expected increase is primarily a result of the reduction in losses resulting from the gradual growth trend of the innovative business of the Group;
- (iv) the Company’s adjusted EBITDA for the half-year ended 30 June 2022 will be approximately RMB200 million to RMB220 million, representing an increase of approximately 14% to 25% as compared to that for the corresponding period of 2021.

Adjusted EBITDA is defined as operating profit upon adjustment adjusted by share-based compensation expenses, depreciation and amortization.

The Group will continue to expand the scale of social networking business and the layout of innovative business, optimize operating efficiency, actively explore diversified development opportunities, and enrich the product matrix of the Company and expand business boundaries through external mergers and acquisitions at appropriate times, so as to achieve high-quality development.

The Company is still in the process of finalising the consolidated results of the Group for the half-year ended 30 June 2022. 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 half-year ended 30 June 2022 may be different to the information referred in this announcement. The announcement of interim results of the Group for the half-year ended 30 June 2022 is expected to be published by the end of August 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, 2 August 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.