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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)

ANNOUNCEMENT OF INTERIM RESULTS FOR THE SIX MONTHS ENDED 30 JUNE 2025

The board of directors (the “**Board**”) of Newborn Town Inc. (the “**Company**”) is pleased to announce the unaudited condensed consolidated interim results of the Company and its subsidiaries (collectively the “**Group**”) for the six months ended 30 June 2025 (the “**Reporting Period**”). The interim results have been reviewed by the Audit Committee, and by KPMG in accordance with Hong Kong Standard on Review Engagements 2410 “Review of interim financial information performed by the independent auditor of the entity” issued by the Hong Kong Institute of Certified Public Accountants. KPMG’s unmodified review report is included in the interim report to be sent to the Shareholders.

In this announcement, “we”, “us”, and “our” refer to the Company and where the context otherwise requires, the Group.

FINANCIAL HIGHLIGHTS

- Revenue from contracts with customers for the six months ended 30 June 2025 amounted to RMB3,181.3 million, representing an increase of 40.0% from RMB2,271.9 million recorded for the six months ended 30 June 2024.
- Gross profit for the six months ended 30 June 2025 amounted to RMB1,775.1 million, representing an increase of 55.6% from RMB1,141.0 million recorded for the six months ended 30 June 2024.
- Profit for the period for the six months ended 30 June 2025 amounted to RMB506.9 million, representing an increase of 30.8% from RMB387.6 million recorded for the six months ended 30 June 2024.
- Profit attributable to equity shareholders of the Company for the six months ended 30 June 2025 amounted to RMB489.3 million, representing an increase of 117.8% from RMB224.7 million recorded for the six months ended 30 June 2024.
- Adjusted EBITDA for the six months ended 30 June 2025 amounted to RMB645.7 million, representing an increase of 44.0% from RMB448.5 million recorded for the six months ended 30 June 2024.

	Six months ended 30 June	
	2025	2024
	RMB'000	RMB'000
	(unaudited)	(unaudited)
Revenue from contracts with customers	3,181,265	2,271,925
Gross profit	1,775,120	1,141,031
Profit before income tax	506,491	384,677
Profit for the period	506,931	387,618
Basic earnings per share (expressed in RMB per share)	0.39	0.20
Diluted earnings per share (expressed in RMB per share)	0.38	0.20
	<u>479,385</u>	<u>366,585</u>
Operating profit		
Add:		
Share-based compensation expenses ^{(1) (2)}	122,959⁽²⁾	33,377 ⁽¹⁾
Depreciation and amortization	43,382	48,502
	<u>645,726</u>	<u>448,464</u>
Adjusted EBITDA		

Notes:

- (1) In May 2020, March 2021, March 2023, March 2024 and May 2024, the Board approved the respective grants of an aggregate of 55,227,573 RSUs, 957,333 RSUs, 2,441,170 RSUs, 4,778,877 RSUs and 659,668 RSUs to certain employees and management pursuant to the RSU Schemes. Share-based compensation expenses were recognised based on the vesting period of the RSU Schemes, and amounted to approximately RMB4,651,000 for the six months ended 30 June 2024, tantamount to the economic benefits which certain employees and management obtained from the Company. For further details, please refer to the announcements dated 28 May 2020, 24 March 2021, 24 March 2023, 22 March 2024 and 21 May 2024 of the Company. A subsidiary of the Company has recognised share-based compensation expenses amounting to approximately RMB17,525,000 for the six months ended 30 June 2024.

On 30 August 2021, the Board granted in aggregate 80,000,000 Share Options to 32 eligible persons. The grant comprises performance-based Share Options, which are generally vested within 10 years. Share Options of each grantee will be vested in four tranches subject to the fulfilment of certain performance targets that are tied to the Company's ability to deliver on certain key indicators. The performance targets and whether and to what extent achieved were determined by the Board. For the aforementioned grants, evaluations were made on 30 June 2024 to assess the likelihood of the performance targets being met. Share-based compensation expenses amounting to approximately RMB11,201,000 were recognised for the six months ended 30 June 2024.

- (2) In March 2021, March 2023, March 2024, May 2024, March 2025 and May 2025, the Board approved the respective grants of an aggregate of 957,333 RSUs, 2,441,170 RSUs, 4,778,877 RSUs, 659,668 RSUs, 30,316,184 RSUs and 897,415 RSUs to certain employees and management pursuant to the RSU Schemes. In December 2024, the Board approved the grant of RSUs to certain employees and management, including 22,215,102 RSUs as the modification of a share incentive plan adopted by a subsidiary of the Company. Share-based compensation expenses were recognised based on the respective vesting periods of the grants under the RSU Schemes, and amounted to approximately RMB56,932,000 for the six months ended 30 June 2025, tantamount to the economic benefits which certain employees and management obtained from the Company. For further details, please refer to the announcements dated 24 March 2021, 24 March 2023, 22 March 2024, 21 May 2024, 20 March 2025 and 21 May 2025 of the Company. A subsidiary of the Company has recognised share-based compensation expenses amounting to approximately RMB61,318,000 for the six months ended 30 June 2025.

On 30 August 2021, the Board granted in aggregate 80,000,000 Share Options to 32 eligible persons. The grant comprises performance-based Share Options, which are generally vested within 10 years. Share Options of each grantee are to be vested in four tranches subject to the fulfilment of certain performance targets that are tied to the Company's ability to deliver on certain key indicators. The performance targets and whether and to what extent achieved were determined by the Board. For the aforementioned grants, evaluations were made on 30 June 2025 to assess the likelihood of the performance targets being met. Share-based compensation expenses amounting to approximately RMB4,709,000 were recognised for the six months ended 30 June 2025.

BUSINESS HIGHLIGHTS



MICO



YoHo



TopTop



SUGO



Blued



Finka



HeeSay



Alice's Dream:
Merge Games



Heer
Health



Aippy

Pan-audience social networking business

Diverse-audience social networking business

Innovative business

Significant growth in revenue and significant increase in profits



Revenue amounted to RMB**3.181** billion
increased by **40.0%** period-on-period



Profit for the period amounted to RMB**507** million
increased by **30.8%** period-on-period



Profit attributable to equity shareholders of the
Company amounted to RMB**489** million
increased by **117.8%** period-on-period



Adjusted EBITDA amounted to RMB**646** million
increased by **44.0%** period-on-period

Strong development of social networking business and accelerated growth of innovative business



Revenue of social networking business
amounted to RMB**2.834** billion
increased by **37.0%** period-on-period



Revenue of innovative business amounted
to RMB**347** million
increased by **70.5%** period-on-period

SUGO Revenue increased more than **100 %**

TopTop Revenue increased more than **100 %**

Niche games entered a long-term operation cycle, and the

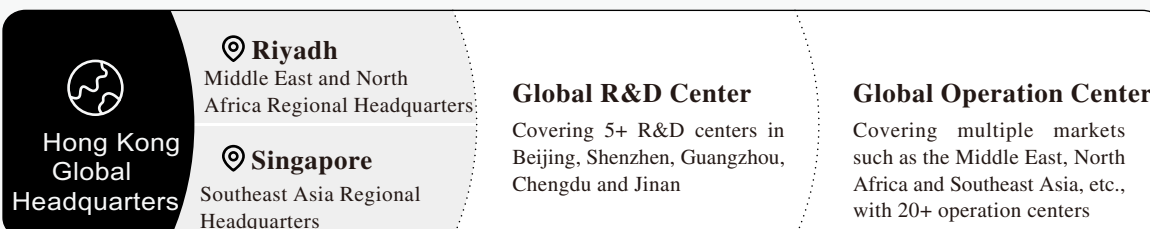
layout for new product development was carried out smoothly

Social e-commerce maintained rapid development, and

Heer Health (荷爾健康) consolidated its leading position in the industry

The increasingly refined global layout and the deepening strategic market barriers

In the first half of 2025, the business scale of core products in the Middle East and North Africa market increased by more than 60% period-on-period



Unit: RMB

CHAIRMAN’S STATEMENT

Dear Shareholders:

The first half of 2025 was an important period for the Company to solidify its business foundation. Both the Company’s social networking business and innovative business achieved outstanding performance and made further breakthroughs in key markets, resulting in significant revenue growth and profit improvement.

During the Reporting Period, the Company’s total revenue amounted to RMB3.181 billion, representing a period-on-period increase of 40.0%; profit for the period amounted to RMB507 million, representing a period-on-period increase of 30.8%; adjusted EBITDA amounted to RMB646 million, representing a period-on-period increase of 44.0%; and profit attributable to equity shareholders of the Company amounted to RMB489 million, representing a period-on-period increase of 117.8%, achieving significant growth. In particular, the social networking business continued its robust growth, with a revenue of RMB2.834 billion, while the innovative business accelerated its growth trajectory, achieving a revenue of RMB347 million.

The Group’s growth in performance was mainly attributable to the robust development of its product portfolio. Newborn Town has been has for long been cultivating the global social networking entertainment arena. In the first half of 2025, the Company continued to advance its strategy of “product replication + national replication” (產品複製+國家複製), with core products achieving period-on-period business scale growth over 60% in the Middle East and North African market. While continuing to consolidate its market position in advantageous markets such as the Middle East, North Africa and Southeast Asia, the Company was also actively expanding into new markets to enhance its global social networking entertainment landscape.

Last year, we established our Middle East and North Africa regional headquarters in Riyadh, Saudi Arabia, further strengthening the Company’s connection with the Middle Eastern market. In the first half of 2025, we established our global headquarters in Hong Kong, marking a new phase in our Company’s globalisation strategy. In the future, we will give fully play to the pivotal role of our global headquarters in Hong Kong, closely collaborating with research and development and operational centers worldwide to continuously expand our global business. Through technological innovation and localised operations, we will create positive emotional value for users around the world.

In the first half of the year, we initiated an organisational structure upgrade, further advancing middle platform transformation by centralising fundamental capabilities such as product, research and development, operation and growth, and strengthened the refined management of core business units to optimise resource allocation and improve operational efficiency. In the process, the Company’s localised operational capabilities have been flexibly deployed across regions, enabling the rapid replication of successful market strategies to other markets. Meanwhile, the increasingly robust product offerings, technology and growth capabilities were leveraged more efficiently across diverse business lines, accelerating the Company’s “product replication” and “national replication” processes.

After over a decade of intensive efforts, we have established a distinct competitive edge within the global social networking entertainment arena. This organisational structure upgrade will provide the foundation for our Company to seize greater global market opportunities and achieve higher performance targets in the future.

While building a diversified product portfolio and continuously expanding our market, we continue to actively fulfil our corporate social responsibility. During Ramadan in the Middle East, we donated supplies and funds to local orphanages. In Southeast Asia, we collaborated with local creators to donate food and funds to a charity school for children in need. In addition, since 2023, we have been promoting the “TEEN in FOCUS” globally, focusing on the healthy growth of young people around the world. In the first half of this year, the program made multiple donations in Egypt, Hong Kong, China and Mainland China, and was honoured with the “520 Social Responsibility Day” (520 社會責任日) Emerging Case Award.

I hereby present the Company’s financial position and operating highlights for the first half of 2025 and summarise the strategies and outlook of the Company for the second half of 2025.

BUSINESS REVIEW

I. Pan-audience social networking business: Thriving of product portfolio driven by AI empowerment

Pan-audience social networking business, being the Company’s core business, achieved solid growth in the first half of 2025. The companion-based social networking platform SUGO and the game-oriented social networking platform TopTop maintained strong development trend, and the live-streaming social networking platform MICO and the audio social networking platform YoHo contributed stable revenue and profits. Through product refinement, deepening localised operations and exploring new technology applications, the social experience of each product has been continuously improved, the content ecosystem has become increasingly rich, and commercialisation efficiency has been significantly enhanced.

In the first half of the year, SUGO continued to explore user needs, enrich product features and diversify application scenarios. By leveraging regional characteristics, it increased the supply of high-quality content, achieving revenue growth exceeding 100% and profit growth surpassing 150% during the period. TopTop community ecosystem was further enriched, consolidating its leading position in the Middle East and North Africa while actively exploring new markets, achieving both revenue growth and profit growth exceeding 100% during the period.

According to Sensor Tower data, from 1 January to 30 June 2025, SUGO ranked 7th in the Middle East in terms of social networking app revenue, while TopTop ranked 10th in the Google Play game App rankings.

In recent years, the Company has continuously deepened the application of AI technology across our business operations. On one hand, all business teams actively leveraged AI to enhance internal capabilities. For example, the design platform significantly improved design efficiency in areas such as gift synthesis, IP animation effects and graphic material production through its self-developed internal AIGC tools. On the other hand, our proprietary multimodal algorithm model Boomiix has undergone continuous upgrades, enhancing product social matching efficiency and operation intelligence, which was particularly effective in expanding into new countries and matching long-tail users. With the support of AI technology, key operational indicators of SUGO such as average online duration per user, payment rate and ARPU steadily improved in the first half of the year, and demonstrated promising initial market adaptability in certain new markets.

Based on its “localisation” strategy, the Company continued to expand local recruitment in key markets, and vigorously promote the training and development of local talent, comprehensively enhancing the competitiveness of its front-line sales and marketing teams. At the same time, the Company actively launched corporate social responsibility initiatives in core markets such as the Middle East, North Africa and Southeast Asia, continuously deepening its engagement with local communities.

In the first half of the year, products with second-mover advantages contributed greater value to the business mix, while pioneering products also maintained steady growth. This not only validated the forward-looking nature and risk-resilience of the Company’s strategy, which leverages a diversified product portfolio, deeply localised operations and AI empowerment, but also once again proved that the core business possesses intrinsic momentum for steady growth under the “product replication + national replication” strategy.

II. Diverse-audience social networking business: Deepening community engagement, market influence continues to grow

In the first half of 2025, the diverse-audience social networking business continued to develop healthily, with the globalised diverse-audience social networking platform HeeSay further expanding its brand influence in core markets such as Southeast Asia. In addition, products such as Blued and Finka continued to deepen their roots in the current social ecosystem, maintaining their leading position in traditional markets.

HeeSay placed greater emphasis on product refinement, strengthening users’ emotional attachment to the community through optimising the community ecosystem, iterating social features and launching brand activities. In January 2025, HeeSay GALA was held in Thailand and the Philippines to co-create the community with users. At the same time, the diverse-audience social networking business team continued to invest in public welfare initiatives, participating in a series of charitable activities in multiple countries and regions around the world.

The application of AI technology in diverse-audience social networking business was also becoming increasingly sophisticated. Through iterative recommendation system, enhanced operational intelligence and updated risk control strategies, diverse-audience social networking products were able to match user needs more accurately, improve the social experience and depth of interaction on the platform, and drive ecosystem optimisation and business efficiency improvement. According to Sensor Tower data, in the first half of 2025, HeeSay ranked 16th in terms of revenue of social apps in the Southeast Asian market on Google Play.

III. The innovative business: Niche games transition to long-term operations, while social e-commerce continues its rapid expansion.

In the first half of 2025, while continuing to enhance its advantages of social networking business, the Company increasingly clarified its secondary growth curve built upon innovative businesses such as niche games and social e-commerce.

Since generating revenue for the first time last year, the niche games business has officially entered its profit recovery period, with flagship games represented by “Alice’s Dream: Merge Games” transitioning into long-term operational phases. Leveraging the Company’s accumulated successful experience in the synthesis casual game arena and the deepened integration of AI technology, the Company significantly reduced its game development cycle, resulting in outstanding performance data such as user retention and ARPU. Currently, the development of new games is progressing smoothly, and this business segment is expected to contribute stronger growth momentum in the future.

In addition, the Company developed innovative products actively and explored new opportunities in social entertainment. During the Reporting Period, the short drama business that the Company has actively invested in began to yield results; at the same time, the Company has also launched Aippy, an AI creative content community. Leveraging its leading AI generation capabilities, Aippy allowed users to generate interactive creative content such as websites and mini-games using natural language, thereby entering the AI Agent and AI content community market.

Social e-commerce business also maintained rapid growth. Through service upgrades, creation of diversified business models and customer acquisition expansion, the profits of Heer Health grew by more than 100% period-on-period in the first half of 2025, further consolidating its leading position in the health services segment.

STRATEGY AND OUTLOOK

I. Deepening the diversification strategy of social product portfolios and improving market layout

During the Reporting Period, social networking business remained the Company’s most important business segment. According to the prediction of Grand View Research, a market research company, the global social networking application market will continue to expand rapidly, with the market size expected to exceed US\$310.37 billion by 2030.

In terms of products, the Company will continue to consolidate the leading positions of its products such as MICO, YoHo, SUGO, TopTop and HeeSay in their respective vertical tracks, further unlocking their commercial value. Meanwhile, as our social networking team deepens its understanding of market trends and local user needs, and as product, research and development and operational capabilities improve and internal and external resources are consolidated, the Company will further explore the niche segments within the social entertainment arena, develop more products with monthly recharge amount reaching US\$10 million, and enrich and build a more diversified product portfolio.

In terms of market development and expansion, the Company will maintain steadfast commitment and sustained efforts in the Middle East and North African market, building upon its successful business strategy of the past to consolidate its leading position in the region, and continue to explore the vast development potential of such market. At the same time, the Company will actively expand into new markets, improve its global layout, and increase its revenue scale.

As the Group's business foundation becomes increasingly solid, the Company will also establish a dedicated social networking team to propel the Company's business to new heights. Leveraging the organisational upgrade launched in the first half of 2025, the Company will further improve resource coordination efficiency and response speed, implement multiple operational efficiency improvement systems, and further deepen the application of AI technology across the entire process to provide a solid foundation for the next phase of development.

II. Continuing to promote the innovative business and consolidating the “secondary growth curve”

The Company expects to continue to focus on the innovative business in the second half of 2025 to further shape its “secondary growth curve”.

In the future, the Company will adhere to the “niche games” strategy, continuously enhancing its long-term operation capabilities of games, improving user experience and optimising commercialisation efficiency. Additionally, the game development team will continue to focus on the synthesis casual game arena, and actively plan for new products. Leveraging its middle platform capabilities and past successful experiences, it carries out “product replication”, and creates more long-term niche games to expand user base and market coverage.

At the same time, the social e-commerce business will focus on HIV prevention and sexual health services, upgrading services and expanding product categories based on user needs, while fulfilling its social responsibilities, consolidating its industry influence towards building a leading professional health service platform in the industry.

In addition, the Company will continue to explore innovative “AI + social entertainment” products and leverage new products such as Aippy to explore new opportunities in the emotional value track in the AI era.

In addition to further solidifying the “secondary growth curve”, the Company will also continue to strengthen its research and development and application of AI technology, leveraging technology to drive the Company's performance growth. For the Company, globalisation remains a key strategic development direction. We will continue to deepen our layout and exploration in this field, providing global users with higher-quality, more personalised service experience and enabling more users to enjoy enriching social entertainment lifestyle.

III. Deepening AI application and exploring technological opportunities

The Company has consistently maintained a long-term focus on the development of artificial intelligence and other emerging technologies, and continuously deepened the integration of AI with business scenarios. With the development and diversification of the Group's product portfolio, the expansion of data scale and the upgrade of organisational structure, the Company will progressively enhance its AI middle platform and implement AI efficiency improvement system tailored to distinct business needs. This will help achieve more accurate social matching and content recommendation, more efficient risk control audit and ecological operation, as well as more effective user identification and marketing and customer acquisition for existing products.

With the rapid breakthroughs in AI technology and the ever-changing global demand for social entertainment, the Company will further increase its investment in AI and actively develop innovative products in areas such as "AI + social", "AI + entertainment" and "AI + gaming" to seek new opportunities for social entertainment in the AI era. At the same time, the Company will continue to deepen the application of artificial intelligence throughout its entire business process to promote improvements in research and development, promotion and operation efficiency.

We believe that the global emotional value arena is poised for new breakthroughs. In the future when AI technology comprehensively enhances productivity, global users' demand for social entertainment will further increase, and products and services that address emotional needs will also see greater commercialisation and profit potential. Moving forward, we shall uphold our vision of "creating positive emotional value", leveraging technology to empower social entertainment and enabling more people worldwide to experience positive emotional value.

MANAGEMENT DISCUSSION AND ANALYSIS

REVENUE

Our revenue from contracts with customers increased by 40.0% for the six months ended 30 June 2025 amounted to RMB3,181.3 million, as compared to RMB2,271.9 million recorded for the six months ended 30 June 2024. The following table sets forth a breakdown of our revenue by segments for the periods indicated:

	2025		Six months ended 30 June 2024		YoY Change
	<i>RMB'000</i> <i>(unaudited)</i>	<i>% of Total revenue</i> <i>(unaudited)</i>	<i>RMB'000</i> <i>(unaudited)</i>	<i>% of Total revenue</i> <i>(unaudited)</i>	
Social networking business	2,834,334	89.1	2,068,453	91.0	37.0%
Innovative business	346,931	10.9	203,472	9.0	70.5%
Total	3,181,265	100.0	2,271,925	100.0	40.0%

The revenue from social networking business for the six months ended 30 June 2025 was RMB2,834.3 million, representing an increase of 37.0% from RMB2,068.5 million for the six months ended 30 June 2024, which was primarily attributable to (i) the Group's continuously exploring user needs, deepening of localised operations, building diversified product portfolio, and venturing into new markets, which led to an increase in revenue; (ii) the Group leveraged AI technology to iterate matching algorithms, precisely matching user needs, enhancing user social experience, and significantly enhancing commercialisation efficiency, thereby driving continuous increase in revenue.

The revenue from innovative business for the six months ended 30 June 2025 was RMB346.9 million, representing an increase of 70.5% from RMB203.5 million for the six months ended 30 June 2024, which was mainly attributable to the steady development of the Group's traffic diversion business and social e-commerce business. Meanwhile, the niche games developed by the Group also contribute to revenue.

COST OF REVENUE

Our cost of revenue for the six months ended 30 June 2025 was RMB1,406.1 million, representing an increase of 24.3% from RMB1,130.9 million for the six months ended 30 June 2024. The following table sets forth a breakdown of our cost of revenue by nature for the periods indicated:

	Six months ended 30 June				
	2025		2024		YoY Change
	<i>RMB'000</i> <i>(unaudited)</i>	<i>% of</i> <i>Total</i> <i>revenue</i> <i>(unaudited)</i>	<i>RMB'000</i> <i>(unaudited)</i>	<i>% of</i> <i>Total</i> <i>revenue</i> <i>(unaudited)</i>	
Revenue sharing and commission fees	903,660	28.4	787,258	34.7	14.8%
Employee benefit expense	179,316	5.6	132,888	5.8	34.9%
Share-based compensation expenses	112,985	3.6	20,776	0.9	443.8%
Server capacity expense	59,661	1.9	53,990	2.4	10.5%
Cost of inventories	48,713	1.5	43,536	1.9	11.9%
Technical and other service fee	43,205	1.4	32,140	1.4	34.4%
Depreciation and amortisation	31,309	1.0	39,367	1.7	-20.5%
Short rental related expenses	9,714	0.3	6,631	0.4	46.5%
Travel expense	6,047	0.2	4,718	0.2	28.2%
Others	11,535	0.3	9,590	0.4	20.3%
Total	1,406,145	44.2	1,130,894	49.8	24.3%

The following table sets forth a breakdown of our cost of revenue by segments for the periods indicated:

	Six months ended 30 June				YoY Change
	2025		2024		
	<i>RMB'000</i> <i>(unaudited)</i>	<i>%</i> <i>(unaudited)</i>	<i>RMB'000</i> <i>(unaudited)</i>	<i>%</i> <i>(unaudited)</i>	
Social networking business	1,314,897	93.5	1,039,888	92.0	26.4%
Innovative business	91,248	6.5	91,006	8.0	0.3%
Total	1,406,145	100.0	1,130,894	100.0	24.3%

The cost of revenue for the social networking business for the six months ended 30 June 2025 was RMB1,314.9 million, representing an increase of 26.4% from RMB1,039.9 million for the six months ended 30 June 2024, which was mainly attributable to the increased cost comprising of revenue sharing and commission fees incurred by the social networking business, share-based compensation expenses, as well as the increase in employee benefit expenses.

The cost of revenue for the innovative business for the six months ended 30 June 2025 was RMB91.2 million, representing an increase of 0.3% from RMB91.0 million for the six months ended 30 June 2024.

GROSS PROFIT AND GROSS PROFIT MARGIN

The following table sets forth the gross profit and gross profit margin for the periods indicated:

	Six months ended 30 June						
	2025			2024			YoY Change in gross profit
	<i>Gross Profit</i>	<i>%</i>	<i>Gross Profit margin</i>	<i>Gross Profit</i>	<i>%</i>	<i>Gross Profit margin</i>	
	<i>(unaudited)</i>	<i>(unaudited)</i>	<i>(unaudited)</i>	<i>(unaudited)</i>	<i>(unaudited)</i>	<i>(unaudited)</i>	
	<i>(RMB'000, except percentages)</i>						
Social networking business	1,519,437	85.6	53.6%	1,028,565	90.1	49.7%	47.7%
Innovative business	255,683	14.4	73.7%	112,466	9.9	55.3%	127.3%
Total	1,775,120	100.0	55.8%	1,141,031	100.0	50.2%	55.6%

Our gross profit for the six months ended 30 June 2025 was RMB1,775.1 million, representing an increase of 55.6% from RMB1,141.0 million for the six months ended 30 June 2024. The gross profit of the social networking business increased from RMB1,028.6 million for the six months ended 30 June 2024 to RMB1,519.4 million for the six months ended 30 June 2025, which was mainly attributable to the continuous maintaining dominance in advantageous markets and actively expanding into new markets, along with empowering core business with AI technology, which led to increases in both revenue and gross profit of our social networking business. The gross profit from innovative business increased from RMB112.5 million for the six months ended 30 June 2024 to RMB255.7 million for the six months ended 30 June 2025, which was mainly attributable to the steady development of the Group's traffic diversion business and social e-commerce business, as well as the niche games developed by the Group also contribute to revenue and gross profit.

Our gross profit margin increased from 50.2% for the six months ended 30 June 2024 to 55.8% for the six months ended 30 June 2025. The gross profit margin of the social networking business increased from 49.7% for the six months ended 30 June 2024 to 53.6% for the six months ended 30 June 2025, which was mainly due to the Group achieved the optimisation of resource allocation and improvement of operational efficiency through organisational structure upgrades and refined operation of our core business. The gross profit margin of the innovative business increased from 55.3% for the six months ended 30 June 2024 to 73.7% for the six months ended 30 June 2025, which mainly due to the steady development of the Group's traffic diversion business and social e-commerce business, as well as contribution from the niche games developed by the Group.

SELLING AND MARKETING EXPENSES

For the six months ended 30 June 2025, our selling and marketing expenses increased by 108.0% to RMB1,001.6 million as compared to RMB481.6 million for the six months ended 30 June 2024, which was primarily attributable to intensified efforts to promote our social networking business.

RESEARCH AND DEVELOPMENT EXPENSES

For the six months ended 30 June 2025, our research and development expenses increased by 2.3% to RMB167.6 million from RMB163.9 million for the six months ended 30 June 2024, which was primarily attributable to the increase in employee benefit expenses.

GENERAL AND ADMINISTRATIVE EXPENSES

For the six months ended 30 June 2025, our general and administrative expenses increased by 15.2% to RMB121.9 million as compared to RMB105.8 million for the six months ended 30 June 2024, which is primarily due to the increase in employee benefit expenses.

OPERATING PROFIT

For the six months ended 30 June 2025, our operating profit increased by 30.8% to RMB479.4 million as compared to RMB366.6 million for the six months ended 30 June 2024, which was mainly attributable to (i) an increase of RMB634.1 million in our gross profit; (ii) an increase of RMB520.0 million in our selling and marketing expenses; (iii) an increase of RMB3.6 million in our research and development expenses; (iv) an increase of RMB16.1 million in our general and administrative expenses; and (v) a decrease of RMB11.8 million in other net loss.

FINANCE INCOME, NET

For the six months ended 30 June 2025, we recorded a net finance income of RMB26.4 million as compared to a net finance income of RMB18.2 million for the six months ended 30 June 2024. Such change was mainly attributable to the increase in interest income from our bank deposits.

INCOME TAX CREDITS

For the six months ended 30 June 2025, we recorded income tax credits of RMB0.4 million as compared to the income tax credits of RMB2.9 million for the six months ended 30 June 2024.

PROFIT FOR THE PERIOD

As a result of the foregoing, our profit for the period increased by 30.8% to RMB506.9 million for the six months ended 30 June 2025 as compared to RMB387.6 million for the six months ended 30 June 2024.

NON-IFRS MEASURES

To supplement our consolidated statement of comprehensive income, which is presented in accordance with IFRS, we also use adjusted EBITDA as additional financial measure, which is not required by, or presented in accordance with IFRS. We believe that this non-IFRS measure helps our investors to identify underlying trends in our business and provides useful information to our investors in understanding and evaluating our results of operation by eliminating potential impacts of items that our management does not consider to be indicative of our operating performance, which is in the same manner as the action of our management when comparing financial results across accounting periods. We also believe that this non-IFRS measure provides useful information about our operating results, enhances the overall understanding of our past performance and future prospects and allows for greater visibility with respect to key metrics used by our management in its financial and operational decision-making.

We define adjusted EBITDA as operating profit adjusted by share-based compensation expenses, depreciation and amortization. When assessing our operating and financial performance, you should not consider adjusted EBITDA in isolation from or as a substitute for our financial performance or financial position as reported in accordance with IFRS. The term adjusted EBITDA is not defined under IFRS, and such term may not be comparable to other similarly titled measures used by other companies.

The following tables set forth the reconciliation of our non-IFRS financial measure for the periods indicated, to the nearest measures prepared in accordance with IFRS:

	Six months ended 30 June	
	2025	2024
	<i>RMB'000</i>	<i>RMB'000</i>
	<i>(unaudited)</i>	<i>(unaudited)</i>
Operating profit	479,385	366,585
Add:		
Share-based compensation expenses ⁽¹⁾⁽²⁾	122,959⁽²⁾	33,377 ⁽¹⁾
Depreciation and amortization	43,382	48,502
Adjusted EBITDA	<u>645,726</u>	<u>448,464</u>
Adjusted EBITDA growth	44.0%	29.2%

Notes:

- (1) In May 2020, March 2021, March 2023, March 2024 and May 2024, the Board approved the respective grants of an aggregate of 55,227,573 RSUs, 957,333 RSUs, 2,441,170 RSUs, 4,778,877 RSUs and 659,668 RSUs to certain employees and management pursuant to the RSU Schemes. Share-based compensation expenses were recognised based on the vesting period of the RSU Schemes, and amounted to approximately RMB4,651,000 for the six months ended 30 June 2024, tantamount to the economic benefits which certain employees and management obtained from the Company. For further details, please refer to the announcements dated 28 May 2020, 24 March 2021, 24 March 2023, 22 March 2024 and 21 May 2024 of the Company. A subsidiary of the Company has recognised share-based compensation expenses amounting to approximately RMB17,525,000 for the six months ended 30 June 2024.

On 30 August 2021, the Board granted in aggregate 80,000,000 Share Options to 32 eligible persons. The grant comprises performance-based Share Options, which are generally vested within 10 years. Share Options of each grantee will be vested in four tranches subject to the fulfilment of certain performance targets that are tied to the Company's ability to deliver on certain key indicators. The performance targets and whether and to what extent achieved were determined by the Board. For the aforementioned grants, evaluations were made on 30 June 2024 to assess the likelihood of the performance targets being met. Share-based compensation expenses amounting to approximately RMB11,201,000 were recognised for the six months ended 30 June 2024.

- (2) In March 2021, March 2023, March 2024, May 2024, March 2025 and May 2025, the Board approved the respective grants of an aggregate of 957,333 RSUs, 2,441,170 RSUs, 4,778,877 RSUs, 659,668 RSUs, 30,316,184 RSUs and 897,415 RSUs to certain employees and management pursuant to the RSU Schemes. In December 2024, the Board approved the grant of RSUs to certain employees and management, including 22,215,102 RSUs as the modification of a share incentive plan adopted by a subsidiary of the Company. Share-based compensation expenses were recognised based on the respective vesting periods of the grants under the RSU Schemes, and amounted to approximately RMB56,932,000 for the six months ended 30 June 2025, tantamount to the economic benefits which certain employees and management obtained from the Company. For further details, please refer to the announcements dated 24 March 2021, 24 March 2023, 22 March 2024, 21 May 2024, 20 March 2025 and 21 May 2025 of the Company. A subsidiary of the Company has recognised share-based compensation expenses amounting to approximately RMB61,318,000 for the six months ended 30 June 2025.

On 30 August 2021, the Board granted in aggregate 80,000,000 Share Options to 32 eligible persons. The grant comprises performance-based Share Options, which are generally vested within 10 years. Share Options of each grantee are to be vested in four tranches subject to the fulfilment of certain performance targets that are tied to the Company's ability to deliver on certain key indicators. The performance targets and whether and to what extent achieved were determined by the Board. For the aforementioned grants, evaluations were made on 30 June 2025 to assess the likelihood of the performance targets being met. Share-based compensation expenses amounting to approximately RMB4,709,000 were recognised for the six months ended 30 June 2025.

CAPITAL STRUCTURE

We continued to maintain a healthy and sound financial position. Our total assets increased from RMB3,583.0 million as at 31 December 2024 to RMB3,889.7 million as at 30 June 2025, while our total liabilities decreased from RMB1,928.1 million as at 31 December 2024 to RMB1,759.1 million as at 30 June 2025. Liabilities-to-assets ratio decreased from 53.8% as at 31 December 2024 to 45.2% as at 30 June 2025.

FINANCIAL RESOURCES AND OPERATING CASH FLOW

We funded our cash requirement principally from capital contribution from Shareholders and cash generated from our operations.

As at 30 June 2025, our cash and cash equivalents were RMB2,215.9 million, as compared to RMB2,048.6 million as at 31 December 2024.

Compared to RMB358.7 million recorded for the six months ended 30 June 2024, the net cash inflow from operating activities for the six months ended 30 June 2025 was increased to RMB539.4 million.

FINANCIAL ASSETS MEASURED AT FAIR VALUE THROUGH PROFIT OR LOSS

To preserve funds for future capital expenditure and new business opportunities, we continue to invest surplus cash in commercial bank wealth management products and funds issued by major and reputable financial institutions, which generate relatively low risk income for us. We recognise such investments as financial assets measured at fair value through profit or loss of current portion and manage such investments in accordance with our internal policies as disclosed in the Prospectus. As at 30 June 2025, the fair value of such investments decreased to RMB153.5 million, compared to RMB239.3 million as at 31 December 2024. Such decrease was primarily attributable to the redemption of wealth management products.

CAPITAL EXPENDITURE

For the six months ended 30 June 2025, our capital expenditure primarily consisted of expenditures on property and equipment, including purchases of computers and other office equipment. The capital expenditures for the six months ended 30 June 2025 were RMB5.3 million, representing an increase of RMB0.7 million from RMB4.6 million for the six months ended 30 June 2024.

MATERIAL ACQUISITION AND DISPOSAL OF SUBSIDIARIES, ASSOCIATES AND JOINT VENTURES

We did not have any material investment, acquisition or disposal of subsidiaries, associates and joint ventures during the six months ended 30 June 2025.

PLEDGE OF ASSETS

As at 30 June 2025, we did not pledge any of our assets.

FUTURE PLANS FOR MATERIAL INVESTMENTS AND CAPITAL ASSETS

We intend to pursue strategic investment or acquire businesses with an expectation to creating synergies with our own business. We aim to target companies that have competitive strengths in technology, data and other areas or participants in the upstream and downstream industries. We also intend to use the cash generated from our operating activities to fund such investment or acquisition.

CONTINGENT LIABILITIES

As at 30 June 2025, we did not have any material contingent liabilities.

FOREIGN EXCHANGE RISK MANAGEMENT

We operate our business internationally and our major receipts and payments are denominated in the U.S. dollar. We are exposed to foreign exchange risk arising from various currency exposures, primarily with respect to the U.S. dollar and the Hong Kong dollar. Therefore, foreign exchange risk arises when future commercial transactions or recognised assets and liabilities are denominated in a currency that is not the respective functional currency of our Group's entities. We managed foreign exchange risk by performing regular reviews of our foreign exchange exposures. We did not hedge against any fluctuations in foreign currency during the six months ended 30 June 2025.

OTHER PRINCIPAL RISKS AND UNCERTAINTIES

Our operations and future financial results could be materially and adversely affected by various risks. The following highlights the principal risks the Group is susceptible to and is not meant to be exhaustive:

- We face competition in the rapidly evolving industry and we may not be able to keep continuous research and development and innovation, and may not be able to compete successfully against our existing and future competitors.
- If the mobile internet industry fails to continue to develop, our profitability and prospects may be materially and adversely affected.
- Any failure to retain existing advertisers and media publishers or attract new advertisers and media publishers may negatively impact our revenue and business.
- We may be held liable for information or content displayed on, distributed by or linked to our mobile apps and may suffer a loss of users and damage to our reputation.
- Misappropriation or misuse of privacy information and failure to comply with laws and regulations on data protection, including the General Data Protection Regulation, could result in claims, changes to our business practices, monetary penalties, increased cost of operations, or declines in users and customers, or otherwise harm our business.
- If we fail to prevent security breaches, cyber-attacks or other unauthorized access to our systems or our users' data, we may be exposed to significant consequences, including legal and financial exposure and loss of users, and our reputation.

EVENTS AFTER THE REPORTING PERIOD

The Group has no material events after the Reporting Period which are required to be disclosed.

PURCHASE, SALE AND REDEMPTION OF THE COMPANY'S LISTED SECURITIES

For the six months ended 30 June 2025, neither the Company nor any of its subsidiaries has purchased, sold or redeemed any of the Company's listed securities (including sales of treasury shares). As of the date of this announcement, the Company did not hold any treasury shares.

SHARE PURCHASE PURSUANT TO RSU AWARD SCHEME

The details of Shares purchased by Three D Partners Limited pursuant to RSU Award Scheme during the Reporting Period are as follows:

Total number of Shares purchased: 40,338,000

Percentage of the Shares purchased to the existing total number of Shares in issue: Approximately 2.86%

Average consideration per Share: Approximately HK\$4.29

Total consideration of Shares purchased: Approximately HK\$173,227,130

For further details, please refer to the announcements dated 3 January 2025, 10 January 2025, 19 January 2025, 28 March 2025, 3 April 2025, 11 April 2025, 17 April 2025 and 25 April 2025.

EMPLOYEE AND REMUNERATION POLICIES

As at 30 June 2025, we had a total of 1,742 full-time employees, mainly based in Beijing, Shenzhen, Jinan, Chengdu, Guangzhou, Hong Kong and Dubai. Among all employees, 971 of them are in R&D department, representing 55.74% of the total full-time employees. The number of employees employed by the Group varies from time to time depending on needs, and employees are remunerated with reference to market conditions and individual employees' performance, qualification and experience.

With a view to nurturing and retaining talents, the Group has formulated systematic recruitment procedures and offered competitive benefits and training opportunities. The remuneration policy and overall package of the employees are periodically reviewed by the Group. Employees will be rated according to their appraisals, which in turn affect the performance bonus and share awards.

AUDIT COMMITTEE

The Company has established an Audit Committee in accordance with the Corporate Governance Code and set out its terms of reference in writing. As at the date of this announcement, the Audit Committee consists of three independent non-executive Directors, namely Mr. Chi Shujin, Mr. Gao Ming and Ms. Chen Sichao. Mr. Chi Shujin is the Chairman of the Audit Committee. The Audit Committee of the Company has reviewed the Group's interim results for the half year ended 30 June 2025.

COMPLIANCE WITH THE CORPORATE GOVERNANCE CODE

The Company is committed to maintaining and promoting stringent corporate governance. The principle of the Company's corporate governance is to promote effective internal control measures, uphold a high standard of ethics, transparency, responsibility and integrity in all aspects of business, to ensure that its affairs are conducted in accordance with applicable laws and regulations and to enhance the transparency and accountability of the Board to all Shareholders.

The Company has adopted the Corporate Governance Code as set out in Appendix C1 to the Listing Rules (the “**Corporate Governance Code**”). The Corporate Governance Code has been applicable to the Company with effect from the Listing Date.

The Board of our Company currently comprises four executive Directors and three independent non-executive Directors and therefore has a fairly strong independence element in its composition. The Board will review the current structure from time to time and shall make necessary changes when appropriate and inform the Shareholders accordingly.

The Company has complied with the principles and code provisions as set out in the Corporate Governance Code during the Reporting Period.

COMPLIANCE WITH THE MODEL CODE OF THE LISTING RULES

The Company has adopted the Model Code for Securities Transactions by Directors of Listed Issuers (the “**Model Code**”) as set out in Appendix C3 to the Listing Rules as its own code of conduct regarding Directors' securities transactions. Having made specific enquiries of all Directors, each of the Directors has confirmed that he/she has complied with the required standards as set out in the Model Code during the Reporting Period.

INTERIM DIVIDEND

The Board has resolved that no interim dividend would be declared for the six months ended 30 June 2025.

PUBLICATION OF 2025 INTERIM RESULTS AND INTERIM REPORT

This interim results announcement will be published on the Stock Exchange's website www.hkexnews.hk and the Company's website www.newborntown.com. The interim report of the Company for the six months ended 30 June 2025 will be dispatched to shareholders of the Company and published on the respective websites of the Stock Exchange and the Company in September 2025.

FINANCIAL INFORMATION

INTERIM CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

for the six months ended 30 June 2025-unaudited

(Expressed in Renminbi (“RMB”))

		Six months ended 30 June	
		2025	2024
	Note	RMB'000	RMB'000
Revenue from contracts with customers	5	3,181,265	2,271,925
Cost of revenue	6	(1,406,145)	(1,130,894)
Gross profit		1,775,120	1,141,031
Selling and marketing expenses	6	(1,001,611)	(481,571)
Research and development expenses	6	(167,589)	(163,940)
General and administrative expenses	6	(121,870)	(105,808)
Net impairment losses on financial assets		(4,915)	(12,559)
Other income		1,714	2,721
Other loss, net		(1,464)	(13,289)
Operating profit		479,385	366,585
Finance income		37,830	23,624
Finance cost		(11,432)	(5,412)
Finance income, net		26,398	18,212
Share of results of associates accounted for using the equity method		708	(120)
Profit before income tax		506,491	384,677
Income tax credits	7	440	2,941
Profit for the period		506,931	387,618
Profit attributable to:			
Equity shareholders of the Company		489,283	224,676
Non-controlling interests		17,648	162,942

INTERIM CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME (CONTINUED)
for the six months ended 30 June 2025-unaudited
(Expressed in Renminbi (“RMB”))

		Six months ended 30 June	
		2025	2024
	<i>Note</i>	RMB’000	RMB’000
Other comprehensive income, net of tax			
Item that will not be reclassified to profit or loss			
Currency translation differences arising from translation of the Company’s financial statements		689	(472)
Item that maybe subsequently reclassified to profit or loss			
Currency translation differences arising from translation of overseas subsidiaries’ financial statements		<u>(1,205)</u>	<u>(2,305)</u>
Total comprehensive income for the period		<u>506,415</u>	<u>384,841</u>
Total comprehensive income attributable to:			
Equity shareholders of the Company		488,831	220,792
Non-controlling interests		17,584	164,049
Earnings per share (expressed in RMB per share)			
Basic earnings per share	8	<u>0.39</u>	<u>0.20</u>
Diluted earnings per share	8	<u>0.38</u>	<u>0.20</u>

INTERIM CONSOLIDATED BALANCE SHEET

as at 30 June 2025-unaudited

(Expressed in RMB)

		30 June 2025 <i>RMB'000</i>	31 December 2024 <i>RMB'000</i>
	<i>Note</i>		
ASSETS			
Non-current assets			
Property and equipment		116,279	91,964
Intangible assets		192,644	211,634
Goodwill		385,511	385,511
Deferred tax assets		519	447
Investments accounted for using the equity method		27,363	26,648
Prepayment for an investment		45,743	—
Financial assets measured at fair value through profit or loss		39,884	39,884
Other receivables		30,497	11,809
Time deposits		20,000	—
Total non-current assets		858,440	767,897
Current assets			
Inventories		22,563	18,179
Accounts receivable	10	408,526	341,899
Other receivables		199,685	134,898
Other current assets		29,750	30,854
Financial assets measured at fair value through profit or loss		153,522	239,293
Cash and cash equivalents		2,215,892	2,048,631
Restricted bank deposits		1,330	1,337
Total current assets		3,031,268	2,815,091
Total assets		3,889,708	3,582,988
LIABILITIES			
Current liabilities			
Accounts payable	11	424,303	382,557
Contract liabilities		98,121	88,191
Income tax payable		4,354	6,781
Bank overdraft		193	46
Lease liabilities		54,174	38,840
Other payables		738,036	981,732
Total current liabilities		1,319,181	1,498,147
Net current assets		1,712,087	1,316,944

INTERIM CONSOLIDATED BALANCE SHEET (CONTINUED)

as at 30 June 2025-unaudited

(Expressed in RMB)

	30 June 2025 RMB'000	31 December 2024 RMB'000
Non-current liabilities		
Deferred tax liabilities	59,864	63,121
Lease liabilities	57,499	44,431
Other non-current liabilities	322,548	322,404
Total non-current liabilities	439,911	429,956
Total liabilities	1,759,092	1,928,103
EQUITY		
Equity attributable to equity shareholders of the Company		
Share capital	977	976
Shares held for employee share scheme	(426,586)	(266,281)
Share premium	1,462,204	1,451,706
Other reserves	(480,615)	(598,458)
Retained earnings	1,442,463	953,180
	1,998,443	1,541,123
Non-controlling interests	132,173	113,762
Total equity	2,130,616	1,654,885
Total liabilities and equity	3,889,708	3,582,988

INTERIM CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

for the six months ended 30 June 2025-unaudited

(Expressed in RMB)

	Attributable to equity shareholders of the Company						Non-	
	Share	Shares	Share	Other	Retained	Sub-total	controlling	Total equity
	capital	held for	premium	reserves	earnings		interests	
	RMB'000	employee	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
		share						
		scheme						
		RMB'000						
Balance at 1 January 2024	818	(40,404)	669,523	10,956	480,050	1,120,943	826,552	1,947,495
Profit for the period	-	-	-	-	224,676	224,676	162,942	387,618
Other comprehensive income	-	-	-	(3,884)	-	(3,884)	1,107	(2,777)
Total comprehensive income	-	-	-	(3,884)	224,676	220,792	164,049	384,841
Share-based compensation expenses	-	-	-	25,427	-	25,427	7,950	33,377
Purchase of own shares	-	(9,129)	-	-	-	(9,129)	-	(9,129)
Transaction with non-controlling interests	-	-	-	(61,424)	-	(61,424)	(43,691)	(105,115)
Balance at 30 June 2024	<u>818</u>	<u>(49,533)</u>	<u>669,523</u>	<u>(28,925)</u>	<u>704,726</u>	<u>1,296,609</u>	<u>954,860</u>	<u>2,251,469</u>
Balance at 1 January 2025	976	(266,281)	1,451,706	(598,458)	953,180	1,541,123	113,762	1,654,885
Profit for the period	-	-	-	-	489,283	489,283	17,648	506,931
Other comprehensive income	-	-	-	(452)	-	(452)	(64)	(516)
Total comprehensive income	-	-	-	(452)	489,283	488,831	17,584	506,415
Share-based compensation expenses	-	-	-	122,132	-	122,132	827	122,959
Purchase of own shares	-	(160,305)	-	-	-	(160,305)	-	(160,305)
Exercise of share options	1	-	10,498	(3,837)	-	6,662	-	6,662
Balance at 30 June 2025	<u>977</u>	<u>(426,586)</u>	<u>1,462,204</u>	<u>(480,615)</u>	<u>1,442,463</u>	<u>1,998,443</u>	<u>132,173</u>	<u>2,130,616</u>

INTERIM CONSOLIDATED STATEMENT OF CASH FLOWS

for the six months ended 30 June 2025-unaudited

(Expressed in RMB)

	Six months ended 30 June	
	2025	2024
	RMB'000	RMB'000
Cash flows from operating activities		
Cash generated from operations	506,862	347,079
Interest received	37,830	23,624
Payment of income tax	(5,316)	(11,985)
Net cash inflow from operating activities	539,376	358,718
Cash flows from investing activities		
Purchase of wealth management products (“WMP”) measured at fair value through profit or loss	(205,870)	(203,000)
Maturity of WMPs measured at fair value through profit or loss	293,899	105,153
Investments in investees accounted for using the equity method	–	(10,035)
Purchase of property and equipment	(5,349)	(4,585)
Amounts paid to subsidiaries of a non-controlling shareholder	(65,649)	–
Loans to other parties	(36,509)	(6,659)
Repayments from a subsidiary of a non-controlling shareholder	28,547	–
Prepayment for an investment	(45,743)	–
Net cash outflow from investing activities	(36,674)	(119,126)
Cash flows from financing activities		
Repayments of lease liabilities (including interest paid)	(18,804)	(19,986)
Purchase of own shares	(160,305)	(9,129)
Exercise of share options	6,662	–
Payment to non-controlling interests	(157,178)	(105,115)
Net cash outflow from financing activities	(329,625)	(134,230)
Net increase in cash and cash equivalents	173,077	105,362
Cash and cash equivalents at beginning of period	2,048,585	1,386,326
Effects of exchange rate changes on cash and cash equivalents	(5,963)	(2,575)
Cash and cash equivalents at end of period	2,215,699	1,489,113
Including:		
Cash and cash equivalents	2,215,892	1,489,188
Bank overdraft	(193)	(75)

NOTES TO THE UNAUDITED INTERIM FINANCIAL INFORMATION

1 GENERAL INFORMATION

1.1 Corporate information

Newborn Town Inc. (the “**Company**”) was incorporated in the Cayman Islands on 12 September 2018 as an exempted company with limited liability under the Companies Act, Cap. 22 (Act 3 of 1961, as consolidated and revised) of the Cayman Islands. The address of the Company’s registered office is Maples Corporate Services Limited, PO Box 309, Ugland House, Grand Cayman, KY1-1104, Cayman Islands.

The Company is an investment holding company. The Company and its subsidiaries (together referred as the “**Group**”) are principally engaged in providing social networking business (mainly through social networking apps such as MICO, SUGO, Blued and TopTop) and innovative business (mainly through advertising service and social e-commerce).

Mr. Liu Chunhe, Mr. Li Ping and Mr. Ye Chunjian are the founders of the Group.

1.2 Significant events in the year 2024 and the six months ended 30 June 2025

In December 2024, the Company completed the acquisition of non-controlling interests of 38.92% in NBT Social Networking Inc. After the completion of the acquisition, NBT Social Networking Inc. became a wholly owned subsidiary of the Company. The consideration comprises cash consideration and shares consideration. The cash consideration shall be paid to the sellers in four equal instalments in three years and the share consideration has been issued to the sellers on 23 December 2024.

2 BASIS OF PREPARATION

This interim financial report has been prepared in accordance with the applicable disclosure provisions of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited, including compliance with International Accounting Standard (“**IAS**”) 34, “Interim financial reporting”, issued by the International Accounting Standards Board (“**IASB**”). It was authorised for issue on 28 August 2025.

The interim financial report has been prepared in accordance with the same accounting policies adopted in the 2024 annual financial statements, except for the accounting policy changes that are expected to be reflected in the 2025 annual financial statements. Details of any changes in accounting policies are set out in note 3.

This interim financial report contains interim consolidated financial statements and selected explanatory notes. The notes include an explanation of events and transactions that are significant to an understanding of the changes in financial position and performance of the Group since the 2024 annual financial statements. The interim consolidated financial statements and notes thereon do not include all of the information required for a full set of financial statements prepared in accordance with IFRS Accounting Standards.

The interim financial report is unaudited, but has been reviewed by KPMG in accordance with Hong Kong Standard on Review Engagements 2410, Review of interim financial information performed by the independent auditor of the entity, issued by the HKICPA.

3 CHANGES IN ACCOUNTING POLICIES

The Group has applied the amendments to IAS 21, The effects of changes in foreign exchange rates – Lack of exchangeability issued by the IASB to this interim financial report for the current accounting period. The amendments do not have a material impact on this interim report as the Group has not entered into any foreign currency transactions in which the foreign currency is not exchangeable into another currency.

The Group has not applied any new standard or interpretation that is not yet effective for the current accounting period.

4 SEGMENT INFORMATION

The Group's business activities are regularly reviewed and evaluated by the chief operating decision maker ("CODM") and the Group is organised into segments according to the revenue streams of the Group.

The CODM assesses the performance of the operating segments based on the gross profit. The reconciliation of gross profit to profit before income tax is shown in the interim consolidated statements of comprehensive income. There were no separate segment assets and segment liabilities information provide to the CODM, as the CODM does not use this information to allocate resources or to evaluate the performance of the operating segments.

The segment results for six months ended 30 June 2025 and 2024 are as follows:

	Social networking business <i>RMB'000</i>	Innovative business <i>RMB'000</i>	Total <i>RMB'000</i>
Six months ended 30 June 2025			
Revenue	2,834,334	346,931	3,181,265
Cost of revenue	(1,314,897)	(91,248)	(1,406,145)
Gross profit	1,519,437	255,683	1,775,120
Six months ended 30 June 2024			
Revenue	2,068,453	203,472	2,271,925
Cost of revenue	(1,039,888)	(91,006)	(1,130,894)
Gross profit	1,028,565	112,466	1,141,031

5 REVENUE FROM CONTRACTS WITH CUSTOMERS

	Six months ended 30 June	
	2025	2024
	<i>RMB'000</i>	<i>RMB'000</i>
<i>Recognized at a point in time</i>		
Social networking business	2,697,801	1,956,769
Innovative business	346,931	203,472
<i>Recognized over time</i>		
Social networking business	136,533	111,684
Total	3,181,265	2,271,925

6 EXPENSES BY NATURE

	Six months ended 30 June	
	2025	2024
	RMB'000	RMB'000
Promotion and marketing expenses	941,615	439,475
Revenue sharing and commission fees	903,660	787,258
Employee benefit expenses	471,118	389,165
Share-based compensation expenses	122,959	33,377
Server capacity expense	59,661	53,990
Cost of inventories	48,713	43,536
Technical and other service fee	47,623	33,689
Depreciation and amortisation	43,382	48,502
Short rental related expenses	12,328	10,014
Consultancy and professional service fee	10,433	8,541
Travel expense	9,624	8,165
Others	26,099	26,501
Total	<u>2,697,215</u>	<u>1,882,213</u>

7 INCOME TAX CREDITS

	Six months ended 30 June	
	2025	2024
	RMB'000	RMB'000
Current tax		
Current tax on profits for the period	2,889	915
Deferred income tax		
Changes in deferred tax assets/liabilities	<u>(3,329)</u>	<u>(3,856)</u>
Income tax credits	<u>(440)</u>	<u>(2,941)</u>

8 EARNINGS PER SHARE

(a) Basic

Basic earnings per share for the six months ended 30 June 2025 were calculated by dividing the profit attributable to equity shareholders of the Company of RMB489,283,000 (for the six months ended 30 June 2024: RMB224,676,000) by the weighted average number of ordinary shares of 1,267,962,302 (for the six months ended 30 June 2024: 1,140,052,000) in issue during the period.

Purchase and issuance of ordinary shares during the six months ended 30 June 2025 were accounted at time portion basis.

(b) Diluted

For the six months ended 30 June 2025, the Group has considered the impact from the restricted share units (“RSUs”) and share options issued by the Company. The RSUs and share options issued by the Company had dilutive effects during the period.

For the six months ended 30 June 2025, dilutive earnings per share were calculated by dividing the profit attributable to equity shareholders of the Company of RMB489,283,000 (for the six months ended 30 June 2024: RMB223,204,000) by the weighted average number of ordinary shares of 1,305,767,865 (for the six months ended 30 June 2024: 1,143,309,000) to assume conversion of all dilutive potential ordinary shares in issue during the period.

9 DIVIDENDS

No dividend has been paid or declared by the Company for the six months ended 30 June 2025 (for the six months ended 30 June 2024: nil).

10 ACCOUNTS RECEIVABLE

An aging analysis of the gross accounts receivable as of the end of the reporting period, based on date of recognition, is as follows:

	As at 30 June 2025 <i>RMB'000</i>	As at 31 December 2024 <i>RMB'000</i>
Up to 6 months	412,514	341,833
6 months to 1 year	5,466	1,179
1 year to 2 years	1,670	10,393
2 years to 3 years	3,954	3,823
Over 3 years	36,870	34,041
	<hr/>	<hr/>
Gross carrying amount	460,474	391,269
	<hr/>	<hr/>
Less: impairment provision	(51,948)	(49,370)
	<hr/>	<hr/>
Total accounts receivable	408,526	341,899
	<hr/> <hr/>	<hr/> <hr/>

11 ACCOUNTS PAYABLE

Aging analysis of the accounts payable as of the end of the reporting period, based on the date of recognition is as follows:

	As at 30 June 2025 <i>RMB'000</i>	As at 31 December 2024 <i>RMB'000</i>
Up to 1 year	415,944	373,081
1 year to 2 years	94	741
More than 2 years	8,265	8,735
	<hr/>	<hr/>
	424,303	382,557
	<hr/> <hr/>	<hr/> <hr/>

Accounts payable are usually settled within 1 year.

DEFINITIONS

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

“AIGC”	artificial intelligence generated content
“ARPU”	average revenue per user
“Audit Committee”	the audit committee of the Company
“Board”	the board of directors
“China” or “PRC”	the People’s Republic of China, and for the purpose of this announcement only, excluding Hong Kong, Macau Special Administrative Region of the PRC and Taiwan
“Company”, “our Company”, “the Company” or “Newborn Town”	Newborn Town Inc. (赤子城科技有限公司), a company with limited liability incorporated in the Cayman Islands whose shares are listed on the Stock Exchange
“Director(s)”	the director(s) of the Company
“Group”, “our Group” or “the Group”	the Company and its subsidiaries
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC
“IFRS”	IFRS Accounting Standards as issued from time to time by the International Accounting Standards Board
“Listing Date”	31 December 2019, the date on which the Company was listed on the Stock Exchange
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange (as amended, supplemented or otherwise modified from time to time)
“Options” or “Share Options”	a right granted to subscribe for the Shares pursuant to the Share Option Scheme
“Prospectus”	the prospectus of the Company dated 17 December 2019
“R&D”	research and development
“RMB”	Renminbi, the lawful currency of China
“RSU”	a restricted share unit award granted to a participant under the RSU Schemes
“RSU Schemes”	the employee RSU scheme and the management RSU scheme adopted by the Board on 11 December 2019, together with the RSU Award Scheme adopted on 7 June 2022

“Recharge Amount”	in relation to the social networking business and the innovative business or their respective products, the amount of recharge by users
“Shares”	ordinary share(s) in the share capital of the Company with a par value of US\$0.0001 each
“Shareholder(s)”	the holder(s) of the Share(s)
“Share Option Scheme”	the share option scheme of the Company as adopted by a resolution of the Shareholders on 31 May 2021 and terminated on 22 November 2024 by way of Board resolutions pursuant to the rules of such scheme, and after which, no further Share Options has been offered or granted, but the scheme shall remain in full force and effect in all other aspects
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“NBT Social Networking”	NBT Social Networking Inc., a company incorporated under the laws of the Cayman Islands with limited liability
“U.S.” or “the United States”	The United States of America
“US\$” or “U.S. dollars”	United States dollars, the lawful currency of the United States
“We”, “us” or “our”	our Company or our Group, as the context may require
“%”	per cent

APPRECIATION

On behalf of the Board, I would like to take this opportunity to express my gratitude to the management and staff of the Group for their commitment and contribution during the period. I would also like to express my appreciation to the guidance from the regulators and continued support from our Shareholders and customers.

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

Beijing, 28 August 2025

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 Ms. Chen Sichao.

This announcement contains forward-looking statements relating to the business outlook, estimates of financial performance, forecast business plans and growth strategies of the Group. These forward-looking statements are based on information currently available to the Group and are stated herein on the basis of the outlook at the time of this announcement. They are based on certain expectations, assumptions and premises, some of which are subjective or beyond our control. These forward-looking statements may prove to be incorrect and may not be realised in future. Underlying these forward-looking statements are a large number of risks and uncertainties. In light of the risks and uncertainties, the inclusion of forward-looking statements in this announcement should not be regarded as representations by the Board or the Company that the plans and objectives will be achieved. Shareholders and potential investors should therefore not place undue reliance on such statements.