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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**

### **POSITIVE 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 2019 and other information currently available to the Company, as compared to the corresponding period in 2018, the Group is expected to record (i) an increase of no less than 30% in its revenue from contracts with customers for the year ended 31 December 2019; and (ii) an increase of no less than 60% in its adjusted net profit for the year ended 31 December 2019.

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

The expected increase is primarily a result of: (i) rapid growth in revenue from proprietary app traffic monetisation business leveraged by user base accumulation and upgraded monetisation efficiency. As compared to the corresponding period in 2018, revenue from proprietary app traffic monetisation business for the year ended 31 December 2019 is expected to record an increase of no less than 100%; and (ii) the Group’s continued efforts to proactively expand the PRC market. The adjusted net profit therefore recorded substantial increase following the speedy growth of the Company’s business performance. The Company will implement the **“Traffic+”** strategy and diligently extend its products towards different vertical directions in phases, achieving swift expansion of traffic ecology to different domains and rapid growth.

The Company is still in the process of finalising the annual results of the Group for the year ended 31 December 2019. The information contained in this announcement is only based on a preliminary review of the unaudited management accounts of the Group and other information currently available to the Board, which has not been reviewed or audited by the Company's auditors and is subject to possible adjustments arising from further review. The annual results of the Group for the year ended 31 December 2019 may be different to the information referred in this announcement. Further details of the Group's financial results and performance will be disclosed in the Company's announcement of annual results for the year ended 31 December 2019, which is expected to be published by the end of March 2020.

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

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

Beijing, the PRC  
2 March 2020

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