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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)

**COMPLETION OF PLACING OF EXISTING SHARES
AND SUBSCRIPTION OF
NEW SHARES UNDER GENERAL MANDATE**

SOLE PLACING AGENT



CITIC SECURITIES

Reference is made to the announcement of Newborn Town Inc. (the “**Company**”) dated 25 January 2022 (the “**Announcement**”) in relation to, among other things, the Placing and the Subscription. Unless otherwise defined, capitalised terms used in this announcement shall have the same meanings as those defined in the Announcement.

COMPLETION OF THE PLACING AND THE SUBSCRIPTION

The Company is pleased to announce that completion of the Placing and the Subscription took place on 27 January 2022 and 4 February 2022, respectively.

An aggregate of 92,366,000 Sale Shares have been successfully placed at the Purchase Price of HK\$3.80 per Sale Share to no less than six professional, institutional and/or other investors procured by the Sole Placing Agent. To the best of the Directors’ knowledge, information and belief, having made all reasonable enquiries, as at the date of this announcement, the placees and their respective ultimate beneficial owners are third parties independent of and not connected with the Company or its connected persons. None of the placees has become a substantial shareholder of the Company as a result of the Placing.

Further, all the conditions of the Subscription have been fulfilled and completion of the Subscription took place on 4 February 2022. A total of 92,366,000 Subscription Shares were allotted and issued to the Seller at the net subscription price, after deducting all the applicable costs and expenses, of HK\$3.76 per Share under the General Mandate. The Subscription Shares represent approximately 7.75% of the issued share capital of the Company as enlarged by the allotment and issue of the Subscription Shares.

The Company received total net proceeds from the Placing and the Subscription, after deducting all the applicable costs and expenses, of approximately HK\$347.0 million and intends to use the same for the development, expansion and operation of the Company's social networking and gaming business as well as for pursuing strategic alliances, investments and acquisitions, of which, approximately 50% or HK\$173.5 million is expected to be used for promoting the Company's business development and improving the efficiency in monetisation of social networking business and game business and approximately 50% or HK\$173.5 million is expected to be used for pursuing strategic alliances, investments and acquisitions.

EFFECT ON THE SHAREHOLDING STRUCTURE OF THE COMPANY

The shareholding structure of the Company immediately before and after the Placing and the Subscription are summarised as follows:

Shareholder	Immediately before the completion of the Placing		Immediately after the completion of the Placing (assuming the Subscription is not completed)		Immediately after the completion of the Placing and the Subscription	
	<i>Number of Shares</i>	<i>%</i>	<i>Number of Shares</i>	<i>%</i>	<i>Number of Shares</i>	<i>% (Note 2)</i>
Seller and Parallel World Limited ^(Note 1)	310,928,420	28.30	218,562,420	19.89	310,928,420	26.10
Placees	–	–	92,366,000	8.41	92,366,000	7.75
Other Shareholders	787,921,580	71.70	787,921,580	71.70	787,921,580	66.15
Total	<u>1,098,850,000</u>	<u>100</u>	<u>1,098,850,000</u>	<u>100</u>	<u>1,191,216,000</u>	<u>100</u>

Notes:

- (1) The Seller, namely Spriver Tech Limited, is wholly owned by Mr. Liu Chunhe. Parallel World Limited is wholly owned by Mr. Li Ping. Mr. Liu Chunhe and Mr. Li Ping are parties acting in concert (having the meaning ascribed thereto in the Takeovers Code). Accordingly, Mr. Liu Chunhe, Spriver Tech Limited, Mr. Li Ping, and Parallel World Limited are each deemed to be interested in the Shares held by others under the SFO. As at the date of this announcement, the Seller is deemed to be interested in aggregate 310,928,420 Shares, representing approximately 26.10% of the existing issued share capital of the Company. Mr. Liu Chunhe and Mr. Li Ping were granted a total of 30,000,000 share options with 30,000,000 underlying shares of the Company, which is subject to the approval by the independent Shareholders at a general meeting of the Company.
- (2) The percentage figures have been rounded up to the nearest second decimal place to achieve a total of 100%.

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

Beijing, 4 February 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.