

Hong Kong Exchanges and Clearing Limited and The Stock Exchange of Hong Kong Limited take no responsibility for the contents of this announcement, make no representation as to its accuracy or completeness and expressly disclaim any liability whatsoever for any loss howsoever arising from or in reliance upon the whole or any part of the contents of this announcement.



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 2024 AND SUPPLEMENTAL INFORMATION IN RELATION TO THE 2023 ANNUAL REPORT**

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 2024 (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 2024 amounted to RMB2,271.9 million, representing an increase of 65.3% from RMB1,374.6 million recorded for the six months ended 30 June 2023.
- Gross profit for the six months ended 30 June 2024 amounted to RMB1,141.0 million, representing an increase of 61.4% from RMB706.9 million recorded for the six months ended 30 June 2023.
- Profit for the period for the six months ended 30 June 2024 amounted to RMB387.6 million, representing an increase of 28.2% from RMB302.3 million recorded for the six months ended 30 June 2023.
- Profit attributable to equity shareholders of the Company for the six months ended 30 June 2024 amounted to RMB224.7 million, representing an increase of 21.3% from RMB185.3 million recorded for the six months ended 30 June 2023.
- Adjusted EBITDA for the six months ended 30 June 2024 amounted to RMB448.5 million, representing an increase of 29.2% from RMB347.0 million recorded for the six months ended 30 June 2023.

	<b>Six months ended 30 June</b>	
	<b>2024</b>	<b>2023</b>
	<b>RMB'000</b>	<b>RMB'000</b>
	<b>(unaudited)</b>	<b>(unaudited)</b>
Revenue from contracts with customers	<b>2,271,925</b>	1,374,558
Gross profit	<b>1,141,031</b>	706,884
Profit before income tax	<b>384,677</b>	312,114
Profit for the period	<b>387,618</b>	302,273
Basic earnings per share (expressed in RMB per share)	<b>0.20</b>	0.16
Diluted earnings per share (expressed in RMB per share)	<b>0.20</b>	0.16
	<b><u>366,585</u></b>	<u>277,468</u>
Operating profit		
<i>Add:</i>		
Share-based compensation expenses <sup>(1) (2)</sup>	<b>33,377<sup>(2)</sup></b>	33,785 <sup>(1)</sup>
Depreciation and amortization	<b>48,502</b>	35,740
	<b><u>448,464</u></b>	<u>346,993</u>
Adjusted EBITDA		

*Notes:*

(1) In May 2020, March 2021 and March 2023, the Board approved the grant of an aggregate of 55,227,573 RSUs, 957,333 RSUs and 2,441,170 RSUs respectively 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 RMB4,259,000 for the six months ended 30 June 2023, 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 and 24 March 2023 of the Company. A subsidiary of the Company has recognised share-based compensation expenses amounting to RMB15,525,000 for the six months ended 30 June 2023.

On 30 August 2021, the Board granted in aggregate 80,000,000 Share Options to 32 eligible persons. The grant includes performance-based Share Options to grantees, 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 relating to the Company. The performance targets were determined by the Board. For those awards, evaluations were made on 30 June 2023 to assess the likelihood of meeting the performance targets. Share-based compensation expenses amounting to RMB14,001,000 were recognised for the six months ended 30 June 2023.

(2) In May 2020, March 2021, March 2023, March 2024 and May 2024, the Board approved the grant of an aggregate of 55,227,573 RSUs, 957,333 RSUs, 2,441,170 RSUs, 4,778,877 RSUs and 659,668 RSUs respectively 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 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 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 includes performance-based Share Options to grantees, 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 relating to the Company. The performance targets were determined by the Board. For those awards, evaluations were made on 30 June 2024 to assess the likelihood of meeting the performance targets. Share-based compensation expenses amounting to RMB11,201,000 were recognised for the six months ended 30 June 2024.

## BUSINESS HIGHLIGHTS

### Pan-audience social networking business



MICO



YoHo



TopTop



SUGO

### Diverse-audience social networking business



HeeSay



Blued



Finka

### Innovative business such as niche games



Alice's Dream: Merge Games



Taylor's Secret



Bubble POP GO

### Significant growth in revenue and continuous increase in profits



Revenue amounted to RMB **2.272** billion increased by **65%** period-on-period



The profit attributable to equity shareholders of the Company amounted to RMB **225** million increased by **21%** period-on-period



Net operating cash inflow amounted to RMB **359** million increased by **103%** period-on-period



Cash and cash equivalents amounted to RMB **1.489** billion increased by **7%** over the beginning of the period

### The accelerated growth of the Middle East and North African markets

#### Main products\*

Business scale in the Middle East and North African region increased by **44%** period-on-period

\*The main products is refer to the Mico World's products

### The rapid growth of post-launch products



Over 100% period-on-period growth in revenue



Over 250% period-on-period growth in revenue, the monthly recharge amount exceeded 10 million US dollars

Unit: RMB

## CHAIRMAN'S STATEMENT

### Dear Shareholders:

In 2024, we witnessed a new round of fast development. The Company kept on advancing its main business of “pan-audience social networking” whilst actively developing its “diverse-audience social networking” business and “niche games” amongst its “innovative businesses”, thereby consistently achieving breakthroughs in key markets and building on the excellent results attained in 2023.

The Company's roots run deep in the Middle East and North African markets, and has achieved increasingly tangible results in recent years. In terms of business scale, in the first half of 2024, business scale of the Company's core products (that of Mico World's) increased period-on-period by 44% in the Middle East and North African region. From the product development standpoint, multiple products accomplished zero to one development since launch in the Middle East and North African markets, and have been further rolled out to more countries. On the business operations front, the Company has early on established a local operation center since the beginning of its venture into the Middle East and North African markets, building deep trust and rapport with users, creators, and communities locally, and having nurtured numerous networking talents from within the local community.

The Company is on the constant quest of forging closer ties with the Middle East region. In August 2024, the Company was notably granted the Regional Headquarters Business License (RHQ License) issued by the Ministry of Investment of Saudi Arabia (MISA), making us the first global social entertainment enterprise to establish its regional headquarters in Saudi Arabia.

Benefiting from our continued growth in markets such as the Middle East and North Africa, in the first half of 2024, the Company continued to leverage its capabilities to drive improvements in terms of business indicators. In the first half of 2024, our total revenue amounted to RMB2.272 billion, representing a period-on-period increase of approximately 65%. Net profit for the period amounted to RMB388 million, representing a period-on-period increase of approximately 28%. Profit attributable to equity shareholders of the Company amounted to RMB225 million, representing a period-on-period increase of 21%. Adjusted EBITDA amounted to RMB448 million, representing a period-on-period increase of approximately 29%. Amongst which, our social networking business has achieved high-quality growth, with revenue reaching RMB2.07 billion, representing a period-on-period increase of 67%. Meanwhile our innovative business also charted progress, with revenue reaching RMB202 million in the first half of the year, representing a period-on-period increase of 54%.

While expanding its business, the Company actively fulfils its corporate social responsibility. We have made significant strides in areas such as equal employment, industry poverty alleviation, and organised public welfare activities. We have continued to advance our “TEEN in FOCUS” agenda globally so as to provide young people in developing countries a better environment growing up.

Going forward, we will steadfastly press on with the Company's long-term strategy, plough on with the pan-audience social networking business, and actively pursue growth in the diverse-audience social networking business and niche games business. While our sights are firmly set on expanding and accentuating our presence in the Middle East and North African markets, we will also actively tap into markets such as Southeast Asia, Japan, South Korea and North America to create positive emotional value for more users worldwide.

I hereby present the Company's financial position and operating highlights for the first half of 2024 and summarise the strategies and outlook of the Company for the second half of 2024.

## **BUSINESS REVIEW**

### **I. PAN-AUDIENCE SOCIAL NETWORKING BUSINESS: INITIAL FORMATION OF A DIVERSIFIED PRODUCT MATRIX, CONTINUED UNLEASHING OF POTENTIAL OF THE MIDDLE EAST**

In 2024, The pan-audience social networking business continued to play a core role in various business segments of the Company. Live-streaming social networking platform MICO, the audio social networking platform YoHo, the game-oriented social networking platform TopTop, and the companion-based social networking platform SUGO, all made much headway during the first half of the year.

In the first half of the year, post-launch products played an increasingly important role in the product matrix of the Company, and are expected to contribute more value to the overall performance in the short term. Mature products were also steadily picking up momentum, which provided a steady stream of income and profit for the Group.

In the first half of 2024, the post-launch product SUGO continued to make swift breakthroughs, with a period-on-period revenue growth of over 250% and a monthly recharge amount of over 10 million U.S. dollars. In June its recharge amount accounted for 24% of the overall recharge amount of our social networking business. While pursuing commercial scale growth, SUGO is also set to forge closer ties with the local community. In June, SUGO has put on the “Third Anniversary Offline Market Party” event in Taipei, which effectively enhanced its brand influence and user activity.

By priming its focus on key markets, whilst strengthening user operations, and proactively building a social ecosystem, TopTop has seen a lift in performance, with its revenue increased by over 100% period-on-period in the first half of 2024. Owing to the consistently heightened product appeal, TopTop has made it to Apple App Store’s recommended list in May and thereby being recommended to users in dozens of countries and regions.

Pioneering products, such as MICO, YoHo, have met with good progress during the first half of the year. Through continuous optimisation of operations and commercialisation strategies, they have both elevated their influence on the local community, which in turn contributed to stable income and profits.

MICO, TopTop, SUGO and YoHo all made it to the “Top 10 Middle East Social Apps Revenue Rankings”, as issued by Sensor Tower, a mobile app data analytics platform.

Overall, in the first half of this year, the Company’s pan-audience social networking business has continued to achieve new breakthroughs, whilst realising deeper and more quality landing and operation in all major markets. The product matrix of the pan-audience social networking business has become increasingly defined in scope, and the product ecosystem built around social entertainment has been gradually taking form. Having numerous products landing top spots in vertical segments, and with such products’ mode of operation and promotion results having gained recognition in the Middle East and North African markets, the experience is further “replicated” in Southeast Asia and other markets for commercial value generation, the Company’s product appeal is also constantly improving, with both SUGO and TopTop having established a growth track by “starting off with the Middle East and North Africa, and thereafter expanding into global markets”.

## **II. DIVERSE-AUDIENCE SOCIAL NETWORKING BUSINESS: FOSTERING COMMUNITY ATMOSPHERE AND BUILDING BRAND INFLUENCE**

There is no stopping to our efforts in exploring the realms of the diverse-audience business. In the process of laying out the social networking business for diversified user groups, the Company has recognised the broader social needs of the LGBTQ+ community, and based on which, the Company rolled out HeeSay, as an upgrade to the overseas diverse-audience online community.

HeeSay has been fostering a more positive community atmosphere through its more refined operations, while continuously building its brand influence overseas. Since the beginning of the year, HeeSay has launched a series of offline activities in Bangkok, Ho Chi Minh City, Los Angeles, etc. By fully drawing on the Company's experience accumulated in overseas markets over the past decade, HeeSay has imbued in its users a sense of community belonging through various means. It has also been met with positive reception on the commercial front, with the overseas diverse-audience social networking business having recorded a period-on-period increase of approximately 25% in the first half of the year.

## **III. INNOVATIVE BUSINESS: FLAGSHIP GAMES PUSHING AHEAD ON BREAKTHROUGHS AND EMERGENCE OF NEW GAMES**

While keeping our focus trained on the social networking business, the Company continued to proactively invest in niche games as amongst the other innovative businesses. In the first half of the year, the Company's major niche games made good progress, recording a total recharge amount of RMB387 million, representing a period-on-period increase of approximately 393%. Taking into account factors such as the needs of users in overseas markets, these products are currently issued by an external independent publishing team, and hence, for the time being, the aforementioned are yet to be reflected in the Group's revenue.

Specifically, when games are considered on a standalone basis, "Alice's Dream: Merge Games" landed in Sensor Tower's top 30 overseas revenue rankings for mobile games in China in the past May and June. "Taylor's Secret", another niche game, was also on the upward track and began to usher in more commercial value. The Company has also maintained its sights on new technologies and gameplay.

## **STRATEGY AND OUTLOOK**

### **I. CONTINUE ON "REPLICATING" POPULAR WORKS AND FURTHER UNLEASH THE POTENTIAL OF THE MIDDLE EAST**

From now onwards, the Company will continue to focus on its core business of "pan-audience social networking" and steadfastly invest in the Middle East and North African markets. Simultaneously, the Company is looking to expand its "diverse-audience social networking" and "niche games" businesses to explore more diversified markets and possibilities.

As for the pan-audience social networking business, the Company will firmly focus on the Middle East and North African market, continuously optimising its products and services, deepening its localisation strategies, and unleashing the growth potential of the Middle East and North African markets.

According to Mordor Intelligence forecast, the size of the media and entertainment market in the Middle East is expected to reach US\$66.99 billion by 2029. Young people in those regions have a strong demand for online entertainment, and yet the demand for localised cultural content is still far from being met.

The Company is thus pressed on tapping into the social and entertainment needs of local users, providing high-quality social and entertainment services through a diversified product matrix and refined localised operations, whilst taking lead in terms of market share. The Middle East and North African region has been made a “seed market” for the Company to test out its new business model.

Owing to the constantly improving product capabilities and increasingly mature operation systems, TopTop, SUGO and other products have utilised the Middle East market as the starting point to feel out user needs and business models, and have accomplished the zero to one development since launch. Thereafter, the Company will strive to replicate the refined products and market experience globally towards accomplishing the aim of “Incubation in Middle East, replication globally”.

At present, the Company has incubated products with monthly recharge amount reaching the 10 million mark in U.S. dollars, such as the likes of MICO and SUGO. In the future, the Company will continue to implement the “Incubation in the Middle East, replication globally” model, whereby the advantages of pan-audience social products in the Middle East and North African markets can be amplified on a continual basis, whilst constantly exploring new scenarios and technologies to “replicate” more products with monthly recharge amount making to the ten million range in U.S. dollars.

## **II. REFINED OPERATION, SHAPING HEESAY’S GLOBAL BRAND INFLUENCE**

According to Frost & Sullivan, the number of global LGBTQ+ community has exceeded 500 million and is expected on a continued path of growth, reaching 660 million by 2026. In addition, the consumption power of such group is also on the rise and that GDP contributed by the global LGBTQ+ community is expected to increase from US\$10.9 trillion in 2021 to US\$13.8 trillion in 2026. The development potential for diverse social groups thus remains vast.

In 2024, complementing the launch of HeeSay, an online community for diverse groups, we have reinforced our operations through offline activities. It is through such combination of online and offline activities that we strive to nurture a community where LGBTQ+ users from around the world can “express their love to the fullest whilst sharing laughter with others”.

In the future, the Company will anchor its advantageous markets for in-depth exploration, continue to refine its products, leverage its operational advantages, and continuously expand into new regions to unleash its commercial potential, and in order that HeeSay can be turned into a brand widely recognised by the global LGBTQ+ community.

### **III. CREATE MORE “EVERGREEN” GAMES AND ACCELERATE THE REALISATION OF COMMERCIAL VALUE**

In the first half of 2024, the overall growth trend of the overseas mobile game market spurred on with strong growth momentum in the mixed leisure mobile games genre. The period-on-period growth in May reached a historic high, whilst there remains considerable room for growth for overseas mobile games.

Since 2023, we have preliminarily gauged the development track of niche games. Going forward, we will continue to adhere to the concept of “creating niche” products, constantly iterate products, optimise commercialisation initiatives and create more “evergreen” games that can be in operation for 5 and even up to 10 years in the long run, which could bring in substantial commercial value to the company.

Whilst embracing the vision of “enriching positive emotional value”, the Company will continue to consolidate its presence in the global social networking entertainment arena by creating a slate of more valuable and heartwarming products and services to users worldwide. At the same time, we will also have our sights trained on new technologies and opportunities to realise diversified and sustainable growth, and generate more return for our shareholders.



## MANAGEMENT DISCUSSION AND ANALYSIS

### REVENUE

Our total revenue from contracts with customers increased by 65.3% for the six months ended 30 June 2024 amounted to RMB2,271.9 million, as compared to RMB1,374.6 million recorded for the six months ended 30 June 2023. The following table sets forth a breakdown of our revenue by segments for the periods indicated:

	Six months ended 30 June		2023		YoY Change
	2024	% of Total revenue	2023	% of Total revenue	
	<i>RMB'000</i> <i>(unaudited)</i>	<i>(unaudited)</i>	<i>RMB'000</i> <i>(unaudited)</i>	<i>(unaudited)</i>	
Social networking business	<b>2,070,422</b>	<b>91.1</b>	1,243,450	90.5	66.5%
Innovative business	<b>201,503</b>	<b>8.9</b>	131,108	9.5	53.7%
<b>Total</b>	<b><u>2,271,925</u></b>	<b><u>100.0</u></b>	<b><u>1,374,558</u></b>	<b><u>100.0</u></b>	<b><u>65.3%</u></b>

The revenue from social networking business for the six months ended 30 June 2024 was RMB2,070.4 million, representing an increase of 66.5% from RMB1,243.5 million for the six months ended 30 June 2023, which is primarily attributable to (i) the Group's pan-audience social networking business product matrix becoming more defined in scope through our focus on key markets and continuous optimisation of our operations and commercialisation strategies, which led to an increase in revenue; (ii) in August 2023, the Company conclusively completed the acquisition of Chizicheng Strategy Investment Limited and started to consolidate the revenue of BlueCity Holdings Limited and Land of Glory Ltd, which is conducive to the laying out of the diverse-audience social networking business and the further building of our brand influence.

The revenue from innovative business for the six months ended 30 June 2024 was RMB201.5 million, representing an increase of 53.7% from RMB131.1 million for the six months ended 30 June 2023, which is mainly attributable to the steady development of the Group's existing casual game business and traffic diversion business, as well as the progress made by the social e-commerce business that the Group has been actively investing in and developing.

## COST OF REVENUE

Our cost of revenue for the six months ended 30 June 2024 was RMB1,130.9 million, representing an increase of 69.4% from RMB667.7 million for the six months ended 30 June 2023. The following table sets forth a breakdown of our cost of revenue by nature for the periods indicated:

	Six months ended 30 June		Six months ended 30 June		YoY Change
	2024	% of Total	2023	% of Total	
	<i>RMB'000</i> <i>(unaudited)</i>	<i>% of</i> <i>revenue</i> <i>(unaudited)</i>	<i>RMB'000</i> <i>(unaudited)</i>	<i>% of</i> <i>revenue</i> <i>(unaudited)</i>	
Revenue sharing and commission fees	787,258	34.7	512,767	37.3	53.5%
Employee benefit expense	132,888	5.8	53,897	3.9	146.6%
Server capacity expense	53,990	2.4	27,614	2.0	95.5%
Cost of inventories	43,536	1.9	–	–	–
Depreciation and amortization	39,367	1.7	29,653	2.2	32.8%
Technical and other service fee	32,140	1.4	12,560	0.9	155.9%
Share-based compensation expenses	20,776	0.9	17,170	1.2	21.0%
Travel expense	4,718	0.2	2,884	0.2	63.6%
Others	16,221	0.8	11,129	0.8	45.8%
<b>Total</b>	<b>1,130,894</b>	<b>49.8</b>	<b>667,674</b>	<b>48.5</b>	<b>69.4%</b>

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

	Six months ended 30 June		Six months ended 30 June		YoY Change
	2024	%	2023	%	
	<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	1,046,059	92.5	649,454	97.3	61.1%
Innovative business	84,835	7.5	18,220	2.7	365.6%
<b>Total</b>	<b>1,130,894</b>	<b>100.0</b>	<b>667,674</b>	<b>100.0</b>	<b>69.4%</b>

The cost of revenue for the social networking business for the six months ended 30 June 2024 was RMB1,046.1 million, representing an increase of 61.1% from RMB649.5 million for the six months ended 30 June 2023, which is mainly attributable to the increased cost comprising of revenue sharing and commission fees, as well as employee benefit expenses incurred by the social networking business.

The cost of revenue for the innovative business for the six months ended 30 June 2024 was RMB84.8 million, representing an increase of 365.6% from RMB18.2 million for the six months ended 30 June 2023, which is mainly attributable to the increased cost of inventories as well as employee benefit expenses incurred by the social e-commerce business which the Group has been actively investing in and developing.

## GROSS PROFIT AND GROSS PROFIT MARGIN

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

	2024		Six months ended 30 June		2023		YoY Change in gross profit
	<i>Gross Profit</i> ( <i>unaudited</i> )	% ( <i>unaudited</i> )	<i>Gross Profit margin</i> ( <i>unaudited</i> ) (RMB'000, except percentages)	<i>Gross profit</i> ( <i>unaudited</i> )	% ( <i>unaudited</i> )	<i>Gross Profit margin</i> ( <i>unaudited</i> )	
Social networking business	1,024,363	89.8	49.5%	593,996	84.0	47.8%	72.5%
Innovative business	116,668	10.2	57.9%	112,888	16.0	86.1%	3.3%
<b>Total</b>	<b>1,141,031</b>	<b>100.0</b>	<b>50.2%</b>	<b>706,884</b>	<b>100.0</b>	<b>51.4%</b>	<b>61.4%</b>

Our gross profit for the six months ended 30 June 2024 was RMB1,141.0 million, representing an increase of 61.4% from RMB706.9 million for the six months ended 30 June 2023. The gross profit of the social networking business increased from RMB594.0 million for the six months ended 30 June 2023 to RMB1,024.4 million for the six months ended 30 June 2024, which was mainly attributable to the deepening of engagement in our pan-audience social networking product in the Middle East and North African market and the positive layout of the diverse-audience social networking business, which led to increases in both revenue and gross profit of our social networking business. The gross profit from innovative business increased from RMB112.9 million for the six months ended 30 June 2023 to RMB116.7 million for the six months ended 30 June 2024, which was mainly attributable to the steady development of the Group's existing casual game business and traffic diversion business, as well as the progress of social e-commerce business the Group has been actively investing in and developing.

Our gross profit margin decreased from 51.4% for the six months ended 30 June 2023 to 50.2% for the six months ended 30 June 2024. The gross profit margin of the social networking business increased from 47.8% for the six months ended 30 June 2023 to 49.5% for the six months ended 30 June 2024, which was mainly attributable to the improved brand influence and commercial realisation of social networking products through continuous optimisation of operations and commercialisation strategies. The gross profit margin of the innovative business decreased from 86.1% for the six months ended 30 June 2023 to 57.9% for the six months ended 30 June 2024, mainly due to the increased cost of inventories as well as employee benefit expenses incurred by the social e-commerce business which the Group has been actively investing in and developing.

## SELLING AND MARKETING EXPENSES

For the six months ended 30 June 2024, our selling and marketing expenses increased by 95.3% to RMB481.6 million as compared to RMB246.6 million for the six months ended 30 June 2023, which was primarily attributable to intensified efforts to promote our social networking business.

## RESEARCH AND DEVELOPMENT EXPENSES

For the six months ended 30 June 2024, our research and development expenses increased by 20.1% to RMB163.9 million from RMB136.5 million for the six months ended 30 June 2023, which was primarily attributable to the increase in employee benefit expenses.

## **GENERAL AND ADMINISTRATIVE EXPENSES**

For the six months ended 30 June 2024, our general and administrative expenses increased by 26.7% to RMB105.8 million as compared to RMB83.5 million for the six months ended 30 June 2023, which is primarily due to the increase in employee benefit expenses.

## **OPERATING PROFIT**

For the six months ended 30 June 2024, our operating profit increased by 32.1% to RMB366.6 million as compared to RMB277.5 million for the six months ended 30 June 2023, which was mainly attributable to (i) an increase of RMB434.1 million in our gross profit; (ii) an increase of RMB235.0 million in our selling and marketing expenses; (iii) an increase of RMB27.4 million in our research and development expenses; (iv) an increase of RMB22.3 million in our general and administrative expenses; and (v) a decrease of RMB50.3 million in other net gains.

## **FINANCE INCOME/(COST), NET**

For the six months ended 30 June 2024, we recorded a net finance income of RMB18.2 million as compared to a net finance cost of RMB0.2 million for the six months ended 30 June 2023. Such change was mainly attributable to the increase in interest income from our bank deposits.

## **INCOME TAX CREDITS/(EXPENSES)**

For the six months ended 30 June 2024, we recorded income tax credits of RMB2.9 million as compared to the income tax expenses of RMB9.8 million for the six months ended 30 June 2023.

## **PROFIT FOR THE PERIOD**

As a result of the foregoing, our profit for the period increased by 28.2% to RMB387.6 million for the six months ended 30 June 2024 as compared to RMB302.3 million for the six months ended 30 June 2023.

## **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:

	<b>Six months ended 30 June</b>	
	<b>2024</b>	<b>2023</b>
	<b>RMB'000</b>	<b>RMB'000</b>
	<b>(unaudited)</b>	<b>(unaudited)</b>
Operating profit	<b>366,585</b>	277,468
<i>Add:</i>		
Share-based compensation expenses <sup>(1)(2)</sup>	<b>33,377<sup>(2)</sup></b>	33,785 <sup>(1)</sup>
Depreciation and amortization	<b>48,502</b>	35,740
<b>Adjusted EBITDA</b>	<b><u>448,464</u></b>	<b><u>346,993</u></b>
Adjusted EBITDA growth	<b>29.2%</b>	64.9%

*Notes:*

(1) In May 2020, March 2021 and March 2023, the Board approved the grant of an aggregate of 55,227,573 RSUs, 957,333 RSUs and 2,441,170 RSUs respectively 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 RMB4,259,000 for the six months ended 30 June 2023, 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 and 24 March 2023 of the Company. A subsidiary of the Company has recognised share-based compensation expenses amounting to RMB15,525,000 for the six months ended 30 June 2023.

On 30 August 2021, the Board granted in aggregate 80,000,000 Share Options to 32 eligible persons. The grant includes performance-based Share Options to grantees, 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 relating to the Company. The performance targets were determined by the Board. For those awards, evaluations were made on 30 June 2023 to assess the likelihood of meeting the performance targets. Share-based compensation expenses amounting to RMB14,001,000 were recognised for the six months ended 30 June 2023.

(2) In May 2020, March 2021, March 2023, March 2024 and May 2024, the Board approved the grant of an aggregate of 55,227,573 RSUs, 957,333 RSUs, 2,441,170 RSUs, 4,778,877 RSUs and 659,668 RSUs respectively 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 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 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 includes performance-based Share Options to grantees, 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 relating to the Company. The performance targets were determined by the Board. For those awards, evaluations were made on 30 June 2024 to assess the likelihood of meeting the performance targets. Share-based compensation expenses amounting to RMB11,201,000 were recognised for the six months ended 30 June 2024.

## **CAPITAL STRUCTURE**

We continued to maintain a healthy and sound financial position. Our total assets increased from RMB2,790.9 million as at 31 December 2023 to RMB2,999.1 million as at 30 June 2024, while our total liabilities decreased from RMB843.4 million as at 31 December 2023 to RMB747.7 million as at 30 June 2024. Liabilities-to-assets ratio decreased from 30.2% as at 31 December 2023 to 24.9% as at 30 June 2024.

## **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 2024, our cash and cash equivalents were RMB1,489.2 million, as compared to RMB1,386.3 million as at 31 December 2023.

Compared to RMB181.9 million recorded for the six months ended 30 June 2023, the cash generated from operations for the six months ended 30 June 2024 was increased to RMB370.7 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 2024, the fair value of such investments increased to RMB269.2 million, compared to RMB170.9 million as at 31 December 2023. Such increase was primarily attributable to the purchase of wealth management products.

## **CAPITAL EXPENDITURE**

For the six months ended 30 June 2024, 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 2024 were RMB4.6 million, representing an increase of RMB1.1 million from RMB3.5 million for the six months ended 30 June 2023.

## **MATERIAL ACQUISITION AND DISPOSAL OF SUBSIDIARIES, ASSOCIATES AND JOINT VENTURES**

We did not have any investment, acquisition or disposal of subsidiaries, associates and joint ventures during the six months ended 30 June 2024.

## **PLEDGE OF ASSETS**

As at 30 June 2024, 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 intend to use the cash generated from our operating activities to fund such investment or acquisition.

## **CONTINGENT LIABILITIES**

As at 30 June 2024, 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 2024.

## **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.

## **EVENT OCCURRING AFTER THE REPORTING PERIOD**

On 27 June 2024 (after trading hours), the Company (as the Purchaser) entered into the Share Purchase Agreement with BGFG, JJQJ and JZZT (together as the Sellers) and the Target Company. For further details, please refer to the announcements dated 27 June 2024 of the Company. As at the date of this announcement, the above transaction has not been completed.

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

For the six months ended 30 June 2024, as at the date of this announcement, 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: 5,198,000

Percentage of the Shares purchased to the existing total number of Shares in issue: Approximately 0.44%

Average consideration per Share: Approximately HK\$1.93

Total consideration of Shares purchased: Approximately HK\$9,978,548.00

For further details, please refer to the announcements dated 18 January 2024.

## **EMPLOYEE AND REMUNERATION POLICIES**

As at 30 June 2024, we had a total of 1,370 full-time employees, mainly based in Beijing, Shenzhen, Jinan, Chengdu and Hainan. Among all employees, 567 of them are in R&D department, representing 41.39% 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 Mr. Huang Sichen. 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 2024.



## **CORPORATE GOVERNANCE PRACTICES**

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 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 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 2024.

## **PUBLICATION OF 2024 INTERIM RESULTS AND INTERIM REPORT**

This interim results announcement will be published on the Stock Exchange's website [www.hkexnews.hk](http://www.hkexnews.hk) and the Company's website [www.newborntown.com](http://www.newborntown.com). The interim report of the Company for the six months ended 30 June 2024 will be dispatched to shareholders of the Company and published on the respective websites of the Stock Exchange and the Company in September 2024.

## SUPPLEMENTAL INFORMATION IN RELATION TO THE 2023 ANNUAL REPORT

Reference is made to the annual report of the Company for the year ended 31 December 2023 (the “2023 Annual Report”). The Board would like to provide further information pursuant to Chapter 17 of the Listing Rules in relation to the Share Employee Scheme under the section headed “Employee RSU Scheme” on pages 30 to 33 of the 2023 Annual Report as below:

Grantees of RSUs	Number of RSUs unvested as at 1 January 2023	Granted during the year ended 31 December 2023	Dates of grant	The closing price of Shares underlying RSUs on the grant date	Purchase price	Vesting period	RSUs vested during the year ended 31 December 2023	Weighted average closing price	RSUs lapsed during the year ended 31 December 2023	RSUs cancelled during the year ended 31 December 2023	Number of RSUs unvested as at 31 December 2023
								of Shares underlying RSUs immediately prior to the date of vesting			
5 highest paid employees of 2023 in aggregate	0	1,000,000	23 March 2023	HK\$1.67	N/A	The RSUs granted shall normally be vested in the grantees within three and a half years from the date of grant. 25% of the total RSUs granted were vested or shall be vested on 20 July 2023, 20 July 2024, 20 July 2025 and 20 July 2026, respectively. No performance target is attached to the vesting of RSUs so granted.	250,000	HK\$1.45	0	0	750,000
Sub-total	0	1,000,000					250,000		0	0	750,000
<b>Other employees</b>											
- 31 employees of the Company	6,171,572	0	28 May 2020	HK\$1.65	N/A	The RSUs granted shall normally be vested in the grantees within three and a half years from the date of grant. 25% of the total RSUs granted shall be vested on 20 July 2020, 20 July 2021, 20 July 2022 and 20 July 2023, respectively. No performance target is attached to the vesting of RSUs granted.	5,892,242	HK\$1.45	279,330	0	0
- 5 employees of the Company	469,333	0	24 March 2021	HK\$4.33	N/A	The RSUs granted shall normally be vested in the grantees within three and a half years from the date of grant. 25% of the total RSUs granted will be vested on 20 July 2021, 20 July 2022, 20 July 2023 and 20 July 2024, respectively. No performance target is attached to the vesting of RSUs granted.	244,000	HK\$1.45	0	0	225,333

Grantees of RSUs	Number of RSUs unvested as at 1 January 2023	Granted during the year ended 31 December 2023	Dates of grant	The closing price of Shares underlying RSUs on the grant date	Purchase price	Vesting period	RSUs	Weighted average closing price	RSUs	RSUs	Number of RSUs unvested as at 31 December 2023
							vested during the year ended 31 December 2023	of Shares underlying RSUs immediately prior to the date of vesting	lapsed during the year ended 31 December 2023	cancelled during the year ended 31 December 2023	
- 3 employees of the Company	0	1,441,170	23 March 2023	HK\$1.67	N/A	The RSUs granted shall normally be vested in the grantees within three and a half years from the date of grant. 25% of the total RSUs granted were vested or shall be vested on 20 July 2023, 20 July 2024, 20 July 2025 and 20 July 2026, respectively. No performance target is attached to the vesting of RSUs so granted.	364,000	HK\$1.45	179,775	0	897,395
Sub-total	6,640,905	1,441,170					6,500,242		459,105	0	1,122,728
	6,171,572	0	28 May 2020	HK\$1.65	N/A	The RSUs granted shall normally be vested in the grantees within three and a half years from the date of grant. 25% of the total RSUs granted shall be vested on 20 July 2020, 20 July 2021, 20 July 2022 and 20 July 2023, respectively. No performance target is attached to the vesting of RSUs granted.	5,892,242	HK\$1.45	279,330	0	0
Employees of the Company in aggregate (Based on respective dates of grant)	469,333	0	24 March 2021	HK\$4.33	N/A	The RSUs granted shall normally be vested in the grantees within three and a half years from the date of grant. 25% of the total RSUs granted will be vested on 20 July 2021, 20 July 2022, 20 July 2023 and 20 July 2024, respectively. No performance target is attached to the vesting of RSUs granted.	244,000	HK\$1.45	0	0	225,333
	0	2,441,170	23 March 2023	HK\$1.67	N/A	The RSUs granted shall normally be vested in the grantees within three and a half years from the date of grant. 25% of the total RSUs granted were vested or shall be vested on 20 July 2023, 20 July 2024, 20 July 2025 and 20 July 2026, respectively. No performance target is attached to the vesting of RSUs so granted.	614,000	HK\$1.45	179,775	0	1,647,395
<b>Total</b>	<b>6,640,905</b>	<b>2,441,170</b>					<b>6,750,242</b>		<b>459,105</b>	<b>0</b>	<b>1,872,728</b>

## FINANCIAL INFORMATION

### INTERIM CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

for the six months ended 30 June 2024-unaudited

(Expressed in Renminbi (“RMB”))

		Six months ended 30 June	
		2024	2023
	Note	RMB'000	RMB'000
Revenue from contracts with customers	5	2,271,925	1,374,558
Cost of revenue	6	(1,130,894)	(667,674)
<b>Gross profit</b>		<b>1,141,031</b>	<b>706,884</b>
Selling and marketing expenses	6	(481,571)	(246,612)
Research and development expenses	6	(163,940)	(136,481)
General and administrative expenses	6	(105,808)	(83,467)
Net impairment losses on financial assets		(12,559)	(982)
Other income		2,721	1,139
Other (loss)/gain, net		(13,289)	36,987
<b>Operating profit</b>		<b>366,585</b>	<b>277,468</b>
Finance income		23,624	2,363
Finance cost		(5,412)	(2,538)
Finance income/(cost), net		18,212	(175)
Share of net (loss)/gain of associates accounted for using the equity method		(120)	34,821
<b>Profit before income tax</b>		<b>384,677</b>	<b>312,114</b>
Income tax credits/(expenses)	7	2,941	(9,841)
<b>Profit for the period</b>		<b>387,618</b>	<b>302,273</b>
<b>Profit attributable to:</b>			
Equity shareholders of the Company		224,676	185,302
Non-controlling interests		162,942	116,971
<b>Other comprehensive income, net of tax</b>			
Items that will not be reclassified to profit or loss			
Currency translation differences arising from translation of the Company's financial statements and attributable to the non-controlling interests		(472)	(5,507)
Items that maybe subsequently reclassified to profit or loss			
Currency translation differences arising from translation of overseas subsidiaries' financial statements excluding the portion attributable to the non-controlling interests		(2,305)	(5,466)
Share of other comprehensive income of investments accounted for using the equity method		–	26,284
<b>Total comprehensive income for the period</b>		<b>384,841</b>	<b>317,584</b>
<b>Total comprehensive income attributable to:</b>			
Equity shareholders of the Company		220,792	212,300
Non-controlling interests		164,049	105,284
<b>Earnings per share (expressed in RMB per share)</b>			
Basic earnings per share	8	0.20	0.16
Diluted earnings per share	8	0.20	0.16

## INTERIM CONSOLIDATED BALANCE SHEET

as at 30 June 2024-unaudited

(Expressed in RMB)

		30 June 2024	31 December 2023
	<i>Note</i>	<i>RMB'000</i>	<i>RMB'000</i>
<b>ASSETS</b>			
<b>Non-current assets</b>			
Property and equipment		110,027	124,875
Intangible assets		235,874	260,467
Goodwill		385,511	385,511
Deferred tax assets		455	22
Investments accounted for using the equity method		28,076	24,300
Financial assets measured at fair value through profit or loss		36,634	36,634
Other receivables		15,854	16,865
Other non-current assets		50	50
		<hr/>	<hr/>
<b>Total non-current assets</b>		<b>812,481</b>	<b>848,724</b>
<b>Current assets</b>			
Inventories		20,113	19,301
Accounts receivable	<i>10</i>	273,499	243,161
Other receivables		109,515	103,523
Other current assets		23,787	17,537
Financial assets measured at fair value through profit or loss		269,235	170,945
Cash and cash equivalents		1,489,188	1,386,363
Restricted bank deposits		1,317	1,302
		<hr/>	<hr/>
<b>Total current assets</b>		<b>2,186,654</b>	<b>1,942,132</b>
		<hr/>	<hr/>
<b>Total assets</b>		<b>2,999,135</b>	<b>2,790,856</b>
<b>LIABILITIES</b>			
<b>Current liabilities</b>			
Accounts payable	<i>11</i>	282,957	292,997
Contract liabilities		78,163	74,821
Income tax payable		4,732	17,580
Bank overdraft		75	37
Lease liabilities		37,490	32,788
Other payables		218,348	278,187
		<hr/>	<hr/>
<b>Total current liabilities</b>		<b>621,765</b>	<b>696,410</b>
		<hr/>	<hr/>
<b>Net current assets</b>		<b>1,564,889</b>	<b>1,245,722</b>
		<hr/>	<hr/>

**INTERIM CONSOLIDATED BALANCE SHEET (CONTINUED)**

as at 30 June 2024-unaudited

(Expressed in RMB)

	<b>30 June 2024 RMB'000</b>	31 December 2023 RMB'000
<b>Non-current liabilities</b>		
Deferred tax liabilities	<b>66,986</b>	70,409
Lease liabilities	<b>58,115</b>	75,442
Other non-current liabilities	<b>800</b>	1,100
	<hr/>	<hr/>
<b>Total non-current liabilities</b>	<b>125,901</b>	146,951
	<hr/>	<hr/>
<b>Total liabilities</b>	<b>747,666</b>	843,361
	<hr/> <hr/>	<hr/> <hr/>
<b>EQUITY</b>		
<b>Equity attributable to equity shareholders of the Company</b>		
Share capital	<b>818</b>	818
Shares held for employee share scheme	<b>(49,533)</b>	(40,404)
Share premium	<b>669,523</b>	669,523
Other reserves	<b>(28,925)</b>	10,956
Retained earnings	<b>704,726</b>	480,050
	<hr/>	<hr/>
	<b>1,296,609</b>	1,120,943
<b>Non-controlling interests</b>	<b>954,860</b>	826,552
	<hr/>	<hr/>
<b>Total equity</b>	<b>2,251,649</b>	1,947,495
	<hr/>	<hr/>
<b>Total liabilities and equity</b>	<b>2,999,135</b>	2,790,856
	<hr/> <hr/>	<hr/> <hr/>

## INTERIM CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

for the six months ended 30 June 2024-unaudited

(Expressed in RMB)

	Attributable to equity shareholders of the Company					Sub-total RMB'000	Non- controlling interests RMB'000	Total equity RMB'000
	Share capital RMB'000	Shares held for employee share scheme RMB'000	Share premium RMB'000	Other reserves RMB'000	Retained earnings RMB'000			
<b>Balance at 1 January 2023</b>	818	(12,719)	669,523	80,636	(30,436)	707,822	530,188	1,238,010
Profit for the period	-	-	-	-	185,302	185,302	116,971	302,273
Other comprehensive income	-	-	-	26,998	-	26,998	(11,687)	15,311
Total comprehensive income	-	-	-	26,998	185,302	212,300	105,284	317,584
Share-based compensation expenses	-	-	-	25,520	-	25,520	8,265	33,785
Purchase of own shares	-	(22,644)	-	-	-	(22,644)	-	(22,644)
Transaction with non-controlling interests	-	-	-	(71,731)	-	(71,731)	(28,268)	(99,999)
<b>Balance at 30 June 2023</b>	<u>818</u>	<u>(35,363)</u>	<u>669,523</u>	<u>61,423</u>	<u>154,866</u>	<u>851,267</u>	<u>615,469</u>	<u>1,466,736</u>
<b>Balance at 1 January 2024</b>	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)
<b>Balance at 30 June 2024</b>	<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>

## INTERIM CONSOLIDATED STATEMENT OF CASH FLOWS

for the six months ended 30 June 2024-unaudited

(Expressed in RMB)

	Six months ended 30 June	
	2024	2023
	<i>RMB'000</i>	<i>RMB'000</i>
<b>Cash flows from operating activities</b>		
Cash generated from operations	370,703	181,862
Payment of income tax	(11,985)	(4,981)
<b>Net cash inflow from operating activities</b>	<u>358,718</u>	<u>176,881</u>
<b>Cash flows from investing activities</b>		
Purchase of wealth management products (“WMP”) measured at fair value through profit or loss	(203,000)	(1,380,128)
Maturity of WMPs measured at fair value through profit or loss	105,153	1,494,626
Investments in investees accounted for using the equity method	(10,035)	(4,085)
Purchase of property and equipment	(4,585)	(3,478)
Loans to related parties	(6,659)	(5,450)
<b>Net cash (outflow)/inflow from investing activities</b>	<u>(119,126)</u>	<u>101,485</u>
<b>Cash flows from financing activities</b>		
Repayments of lease liabilities (including interest paid)	(19,986)	(15,885)
Purchase of own shares	(9,129)	(22,644)
Transactions with non-controlling interests	(105,115)	(99,999)
<b>Net cash outflow from financing activities</b>	<u>(134,230)</u>	<u>(138,528)</u>
<b>Net increase in cash and cash equivalents</b>	105,362	139,838
Cash and cash equivalents at beginning of period	1,386,326	596,662
Effects of exchange rate changes on cash and cash equivalents	(2,575)	38,334
<b>Cash and cash equivalents at end of period</b>	<u><u>1,489,113</u></u>	<u><u>774,834</u></u>
Including:		
Cash and cash equivalents	1,489,188	774,894
Bank overdraft	(75)	(60)



# NOTES TO THE UNAUDITED INTERIM FINANCIAL INFORMATION

## 1 GENERAL 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, YoHo and Blued) and innovative business (mainly through niche games and casual games and social e-commerce business).

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

## 2 BASIS OF PREPARATION

This interim financial information 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 29 August 2024.

The interim financial information has been prepared in accordance with the same accounting policies adopted in the 2023 annual financial statements, except for the accounting policy changes that are expected to be reflected in the 2024 annual financial statements. Details of any changes in accounting policies are set out in note 3.

This interim financial information 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 2023 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 information 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

Except as described below, the accounting policies applied in the preparation of the interim financial information are consistent with those used in the preparation of the 2023 annual financial statements.

The Group has applied the following amendments to IFRS Accounting Standards issued by IASB to this interim financial information for the current accounting period:

- Amendments to IAS 1, Presentation of financial statements: Classification of liabilities as current or non-current (“**2020 amendments**”)
- Amendments to IAS 1, Presentation of financial statements: Non-current liabilities with covenants (“**2022 amendments**”)
- Amendments to IFRS 16, Leases: Lease liability in a sale and leaseback
- Amendments to IAS 7, Statement of cash flows and IFRS 7, Financial instruments: Disclosures – Supplier finance arrangement

None of these developments have had a material effect on how the Group’s results and financial position for the current period have been prepared or presented in this interim financial information.

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. In the second half year of 2023, the Group completed the acquisition of the business operated by BlueCity Holdings Limited ("BlueCity"). The Group consolidated BlueCity's financial information since then. Prior to 1 January 2024, all the business of BlueCity was grouped and reported in social networking business. The CODM revisited its assessment of the segment and the social e-commerce business of BlueCity was grouped and reported in innovative business during the current period for the six months ended 30 June 2024, to better reflect the development of each revenue stream.

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 2024 and 2023 are as follows:

	<b>Social networking business RMB'000</b>	<b>Innovative business RMB'000</b>	<b>Total RMB'000</b>
<b>Six months ended 30 June 2024</b>			
Revenue	2,070,422	201,503	2,271,925
Cost of revenue	(1,046,059)	(84,835)	(1,130,894)
<b>Gross profit</b>	<b>1,024,363</b>	<b>116,668</b>	<b>1,141,031</b>
<b>Six months ended 30 June 2023</b>			
Revenue	1,243,450	131,108	1,374,558
Cost of revenue	(649,454)	(18,220)	(667,674)
<b>Gross profit</b>	<b>593,996</b>	<b>112,888</b>	<b>706,884</b>

#### 5 REVENUE FROM CONTRACTS WITH CUSTOMERS

	<b>Six months ended 30 June</b>	
	<b>2024</b>	<b>2023</b>
	<b>RMB'000</b>	<b>RMB'000</b>
<i>Recognized at a point in time</i>		
Social networking business	1,958,738	1,231,554
Innovative business	201,503	131,108
<i>Recognized over time</i>		
Social networking business	111,684	11,896
<b>Total</b>	<b>2,271,925</b>	<b>1,374,558</b>

## 6 EXPENSES BY NATURE

	Six months ended 30 June	
	2024	2023
	RMB'000	RMB'000
Revenue sharing and commission fees	787,258	512,767
Promotion and marketing expenses	439,475	240,205
Employee benefit expenses	389,165	237,212
Server capacity expenses	53,990	27,614
Depreciation and amortisation	48,502	35,740
Cost of inventories	43,536	–
Technical and other service fee	33,689	18,936
Share-based compensation expenses	33,377	33,785
Short rental related expenses	10,014	6,299
Consultancy and professional service fee	8,541	8,172
Travel expense	8,165	4,683
Others	26,501	8,821
<b>Total</b>	<b>1,882,213</b>	<b>1,134,234</b>

## 7 INCOME TAX (CREDITS)/EXPENSES

	Six months ended 30 June	
	2024	2023
	RMB'000	RMB'000
Current tax		
Current tax on profits for the period	915	13,103
Deferred income tax		
Changes in deferred tax assets/liabilities	(3,856)	(3,262)
<b>Income tax (credits)/expenses</b>	<b>(2,941)</b>	<b>9,841</b>

## 8 EARNINGS PER SHARE

### (a) Basic

Basic earnings per share for the six months ended 30 June 2024 were calculated by dividing the profit attributable to equity shareholders of the Company of RMB224,676,000 (for the six months ended 30 June 2023: RMB185,302,000) by the weighted average number of ordinary shares of 1,140,052,000 (for the six months ended 30 June 2023: 1,152,040,000) in issue during the period.

Purchase of ordinary shares in January were accounted at time portion basis.

### (b) Diluted

For the six months ended 30 June 2024, the Group has considered the impact from the restricted share units (“RSUs”) and share options issued by the Company and the RSUs issued by a subsidiary of the Company. The RSUs issued by the Company, and the subsidiary of the Company had dilutive effects during the period, while as the exercise price of the share options exceeded the average price of ordinary shares during the period for which the share options were in issue, such share options are anti-dilutive on earnings per share.

For the six months ended 30 June 2024, dilutive earnings per share were calculated by dividing the profit attributable to equity shareholders of the Company of RMB223,204,000 (for the six months ended 30 June 2023: RMB185,302,000) by the weighted average number of ordinary shares of 1,143,309,000 (for the six months ended 30 June 2023: 1,163,443,000) to assume conversion of all dilutive potential ordinary shares in issue during the period. As the dilutive effect on earnings per share resulting from the assumed exercise of RSUs was negligible, diluted earnings per share were the same as basic earnings per share.

## 9 DIVIDENDS

No dividend has been paid or declared by the Company for the six months ended 30 June 2024 (for the six months ended 30 June 2023: 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 2024 <i>RMB'000</i>	As at 31 December 2023 <i>RMB'000</i>
Up to 6 months	267,310	241,795
6 months to 1 year	12,129	3,344
1 year to 2 years	4,707	7,203
2 years to 3 years	6,716	3,309
Over 3 years	29,715	32,088
	<hr/>	<hr/>
Gross carrying amount	320,577	287,739
	<hr/>	<hr/>
Less: impairment provision	(47,078)	(44,578)
	<hr/>	<hr/>
Total accounts receivable	<u>273,499</u>	<u>243,161</u>

## 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 <b>30 June</b> <b>2024</b> <i>RMB'000</i>	As at 31 December 2023 <i>RMB'000</i>
Up to 1 year	265,692	267,808
1 year to 2 years	6,711	19,618
More than 2 years	10,554	5,571
	<u>282,957</u>	<u>292,997</u>

Accounts payable are usually paid within 1 year.

## DEFINITIONS

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

“Audit Committee”	the audit committee of the Company
“BlueCity”	BlueCity Holdings Limited, an exempted company with limited liability incorporated in the Cayman Islands and a subsidiary of the Company
“Board”	the board of directors
“BGFG”	BGFG Limited, a company incorporated under the laws of the British Virgin Islands with limited liability
“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
“ESG”	environmental, social and governance
“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
“JJQJ”	JJQJ Partners Limited, a company incorporated under the laws of the British Virgin Islands with limited liability
“JZZT”	JZZT Limited, a company incorporated under the laws of the British Virgin Islands with limited liability
“LGBTQ+”	lesbian, gay, bisexual, transgender, queer or questioning, intersex, asexual, and more
“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)
“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
“Recharge Amount”	in relation to the social networking business and the innovative business and 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)
“Spriver”	Spriver Tech Limited, an investment holding company incorporated in the British Virgin Islands with limited liability
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Target Company” or “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, 29 August 2024

*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.*

*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.*