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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)**

## **GRANT OF SHARE OPTION UNDER THE SHARE OPTION SCHEME**

This announcement is made by Newborn Town Inc. (the “**Company**”) and its subsidiaries (the “**Group**”) pursuant to Rule 17.06A of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the “**Listing Rules**”).

### **THE PROPOSED GRANTS OF SHARE OPTIONS**

The board (the “**Board**”) of directors (the “**Directors**”) of the Company is pleased to announce that it has proposed to grant in aggregate 80,000,000 share options (the “**Share Option(s)**”) to 32 eligible persons, including four executive directors (the “**Grantees**”) under the share option scheme adopted on 31 May 2021 (the “**Share Option Scheme**”) to subscribe for a total of 80,000,000 ordinary shares of US\$0.0001 each in the share capital of the Company (the “**Share(s)**”) (representing approximately 8.01% of the total issued share capital of the Company as at the date of this announcement and approximately 7.42% of the enlarged issued share capital of the Company assuming that all the Share Options are fully exercised). Principal terms of the grant of Share Options are set out below:

- Date of Grant:** 30 August 2021 (the “**Date of Grant**”)
- Exercise Price:** HK\$4.81 per Share, which represents the higher of (rounding up to 2 decimal places):
- (i) the closing price of HK\$4.67 per Share as stated in the daily quotations sheet of the Stock Exchange on the Date of Grant;
  - (ii) the average closing price of HK\$4.81 per Share as stated in the daily quotations sheets of the Stock Exchange for five business days immediately preceding the Date of Grant; and
  - (iii) the nominal value of US\$0.0001 per Share.
- Number of Share Options granted:** 80,000,000 Share Options, of which the grant of 30,000,000 Share Options is subject to the approval of the shareholders of the Company (the “**Shareholder(s)**”). Each Share Option entitling the Grantees to subscribe for one Share at the relevant exercise price mentioned above.

**Closing price of  
the Shares on  
the Date of Grant:**

HK\$4.67 per Share

**Validity period:**

From Date of Grant to 29 August 2031 (both dates inclusive), save and except for the Share Options to be granted to Mr. Liu Chunhe (“**Mr. Liu**”) and Mr. Li Ping (“**Mr. Li**”) which will be subject to the approval by the independent Shareholders at an extraordinary general meeting of the Company (the “**EGM**”).

**Performance Targets of  
the Share Options:**

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**”). The Performance Targets for the four executive directors are set out below:

<b>Tranches</b>	<b>Performance Targets</b>	<b>Percentage of Share Options to vest</b>
First tranche	The Group’s audited revenue for the financial year exceeds RMB2.3 billion or the three-month average market capitalization of the Company exceeds HKD12 billion	30% of the total number of Share Options granted
Second tranche	The Group’s audited revenue for the financial year exceeds RMB3.5 billion or the three-month average market capitalization of the Company exceeds HKD20 billion	25% of the total number of Share Options granted
Third tranche	The Group’s audited revenue for the financial year exceeds RMB5.0 billion or the three-month average market capitalization of the Company exceeds HKD30 billion	25% of the total number of Share Options granted

<b>Tranches</b>	<b>Performance Targets</b>	<b>Percentage of Share Options to vest</b>
Fourth tranche	The Group's audited revenue for the financial year exceeds RMB6.5 billion or the three-month average market capitalization of the Company exceeds HKD40 billion	20% of the total number of Share Options granted

Insofar as the other Grantees are concerned, the Board has either set the aforesaid performance targets or performance targets that requires the Grantee(s) to fulfil certain revenue targets of the Company's products.

## **THE GRANTEES**

Among the total 80,000,000 Share Options granted 45,000,000 Share Options were granted to four executive Directors, details of which are set out below:

<b>Name of Grantees</b>	<b>Position</b>	<b>No. of Share Options offered to be granted</b>	<b>Percentage to issued share capital as at the date of grant</b>
Mr. Liu	Chairman and Executive Director	24,000,000	2.40%
Mr. Su Jian	Executive Director	9,000,000	0.90%
Mr. Li	Executive Director and Chief Executive Officer	6,000,000	0.60%
Mr. Ye Chunjian	Executive Director and Chief Technology Officer	6,000,000	0.60%
Other Grantees	Employees of the Company	35,000,000	3.50%
	<b>Total:</b>	<b>80,000,000</b>	<b>8.01%</b>

Save as disclosed above, none of the other Grantees are the Directors, chief executives or substantial shareholders of the Company, nor an associate (as defined under the Listing Rules) of any of them.

## **REASONS FOR AND BENEFITS OF THE GRANT OF SHARE OPTIONS**

The Board is of the view that the grant of the Share Options provides the Company with more flexibility to attract, retain and motivate eligible participants to strive towards long term performance targets set by the Group and to provide them with an incentive to work better for the interest of the Group. Therefore, the Board considers that the grant of the Share Options is in the interests of the Group and the Shareholders as a whole.

## LISTING RULES IMPLICATIONS

In accordance with Rule 17.04(1) of the Rules Governing the Listing of Securities on the Stock Exchange (the “**Listing Rules**”) and the terms of the Share Option Scheme, the grant of Share Options to each of the aforementioned Directors has been approved by the independent non-executive Directors on the Date of Grant.

Pursuant to Rule 17.03(4) of the Listing Rules, where any grant of share options to a participant would result in the shares issued and to be issued upon exercise of all share options granted and to be granted to such person (including exercised, cancelled and outstanding share options) in the 12-month period up to and including the date of such grant representing in aggregate over 1% of the shares in issue, such grant of share options must be separately approved by shareholders of the listed issuer in general meeting with such participant and his close associates (or his associates if the participant is a connected person) abstaining from voting.

In addition, pursuant to Rule 17.04(1) of the Listing Rules and the terms of the Share Option Scheme, any grant of Share Options to a substantial Shareholder of the Company or an independent non-executive Director, or any of their respective associates would result in the Shares issued and to be issued upon exercise of all Share Options already granted and to be granted (including Share Options exercised, cancelled and outstanding) under the Share Option Scheme or any other schemes of the Company to such person in the 12-month period up to and including the date of such grant (i) representing in aggregate over 0.1% of the Shares in issue; and (ii) having an aggregate value, based on the closing price of the Shares at the date of each grant, in excess of HK\$5 million, such grant of Share Options must be approved by the Shareholders in general meeting. The grantee, his associates and all core connected persons of the Company must abstain from voting in favour at such general meeting.

Spriver Tech Limited, a wholly-owned company of Mr. Liu, holds 233,806,646 Shares in the Company, representing approximately 23.41% of the issued share capital of the Company as at the date of this announcement. Parallel World Limited, a wholly-owned company of Mr. Li, holds 73,121,774 Shares in the Company, representing approximately 7.32% of the issued share capital of the Company as at the date of this announcement. As Mr. Liu and Mr. Li are parties acting in concert (having the meaning ascribed thereto in the Takeovers Code) and form part of the Controlling Shareholders Group. Accordingly, Mr. Liu, Spriver Tech Limited, Mr. Li, Parallel World Limited are each deemed to be interested in the Shares held by themselves under the Securities and Futures Ordinance, Chapter 571 of the Laws of Hong Kong (the “**SFO**”). Accordingly, both Mr. Liu and Mr. Li are considered substantial Shareholders under the Listing Rules.

As (i) the total number of Shares issued and to be issued upon exercise of the Share Options proposed to be granted to Mr. Liu would in a 12-month period exceed 1% of the Shares in issue, and (ii) such grant would in a 12-month period represent over 0.1% of the Shares in issue, and has an aggregate value, based on the closing price of HK\$4.67 per Share on the Date of Grant, in excess of HK\$5 million, the grant of the Share Options to Mr. Liu is conditional upon the approval by the independent Shareholders at the EGM. Mr. Liu, his respective associates and all core connected persons of the Company shall abstain from voting at the EGM for the purpose of approving the grant of Share Options to Mr. Liu.

As the total number of Shares issued and to be issued upon exercise of the Share Options proposed to be granted to Mr. Li would in a 12-month period represent over 0.1% of the Shares in issue and has an aggregate value, based on the closing price of the Shares of HK\$4.67 per Share on the Date of Grant, in excess of HK\$5 million, the grant of the Share Options to Mr. Li is conditional upon the approval by the independent Shareholders at the EGM. Mr. Li, his respective associates and all core connected persons of the Company shall abstain from voting at the EGM for the purpose of approving the grant of Share Options to Mr. Li.

The EGM will be convened and held for the independent Shareholders to, among other things, consider and, if thought fit, approve the grant of Share Options to Mr. Liu and Mr. Li respectively. A circular containing, among other things, information of the aforesaid grant, will be despatched to the Shareholders in due course.

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

Beijing, 30 August 2021

*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.*