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BABYTREE GROUP

寶寶樹集團

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 1761)

PROPOSED AMENDMENTS TO THE SHARE OPTION SCHEME

Reference is made to (i) the circular of BabyTree Group (the “**Company**”, together with its subsidiaries, the “**Group**”) dated April 26, 2019; (ii) the poll results announcement of the Company dated June 13, 2019 regarding the approval by the shareholders of the Company (the “**Shareholders**”) on, among others, the adoption of the share option scheme of the Company (the “**Share Option Scheme**”); (iii) the circular of the Company dated October 6, 2021; and (iv) the poll result announcement of the Company dated October 26, 2021 regarding the approval by the Shareholders on the proposed amendments to sub-paragraphs 1(A), 7(C), 8 and 9(A)(i) of the Share Option Scheme.

The Company conditionally adopted the Share Option Scheme at the annual general meeting on June 13, 2019 (“**Adoption Date**”) to attract, retain and motivate talented employees 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. The Share Option Scheme was later amended at the extraordinary general meeting of the Company on October 26, 2021 mainly to increase the mandate limit and to include consultants of the Company and/or its subsidiaries as the participants of the Scheme. The Share Option Scheme shall remain in force for a period of 10 years commencing on June 13, 2019. Apart from the Share Option Scheme, the Company has no other share schemes (within the meaning under the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the “**Listing Rules**”)) currently in force as at the date of this announcement and no share options have been granted under the Share Option Scheme.

The board (“**Board**”) of directors (“**Directors**”) of the Company proposes to seek approval from the Shareholders at the annual general meeting of the Company to be held on Friday, June 9, 2023 (the “**Annual General Meeting**”) for certain amendments to be made to the Share Option Scheme to, among other things, bring the Share Option Scheme in alignment with the amendments to Chapter 17 of the Listing Rules with effect from January 1, 2023 and make certain minor housekeeping amendments to the Share Option Scheme for the purpose of clarifying existing practice and making consequential amendments. The Board proposes that the proposed amendments to the Share Option Scheme shall apply to options to be granted under the Share Option Scheme with effect from the date of the Annual General Meeting.

The major changes brought by the proposed amendments to the Share Option Scheme are as follows:

1. To reclassify the eligible participants under the Share Option Scheme (the “**Participants**”) as including (i) employee participants which refers to directors and employees of the Company and its subsidiaries; (ii) related entity participants which refers to directors and employees of the holding company, fellow subsidiaries or associated companies of the Company; and (iii) service providers which refers to persons who provide services to the Group and are in the interests of the long-term growth of the Group as determined by the Board.
2. To include the criteria for assessing the eligibility of the Participants, and the factors that the Board will take into account while assessing the eligibility of each type of Participants.
3. To include the vesting period for options to be granted, which shall be in the range of 12 months to 48 months subject to a minimum vesting period of not less than 12 months, save where the remuneration committee of the Company (“**Remuneration Committee**”) has approved in accordance with the terms of the amended Share Option Scheme.
4. To stipulate the service provider sublimit (“**Service Provider Sublimit**”) within the share option scheme mandate limit, which shall not exceed 3% of the total number of shares in issue on the date of the increased share option scheme mandate limit.
5. To require independent Shareholders’ approval for refreshment of share option scheme mandate limit (and the Service Provider Sublimit) within a three-year period from the date of Shareholders’ approval for the last refreshment or the date of the increased share option scheme mandate limit or the date of approval of the Service Provider Sublimit (as the case may be).
6. To remove the requirement that the total number of shares which may be issued upon exercise of all options granted and yet to be exercised under the Share Option Scheme or any other share option schemes (as defined under the Listing Rules) adopted by the Company must not exceed 30% of the shares in issue from time to time.
7. To require any change to the terms of options granted to a Participant be approved by the Board, the Remuneration Committee, the independent non-executive Directors and/or the Shareholders (as the case may be) if the initial grant of the options was approved by the Board, the Remuneration Committee, the independent non-executive Directors and/or the Shareholders (as the case may be), except where the alterations take effect automatically under the terms of the amended Share Option Scheme.

Pursuant to paragraph 13(B) of the existing Share Option Scheme and note (1) of Rule 17.03(18) of the Listing Rules, any alterations to the terms and conditions of the Share Option Scheme which are of a material nature must be approved by the Shareholders in general meeting, except where the alternations take effect automatically under the existing terms of the Share Option Scheme. As the proposed amendments to the Share Option Scheme are considered to be material in nature and would not take effect automatically under the existing terms of the Share Option Scheme, the proposed amendments to the Share Option Scheme will be subject to approval by the Shareholders at the Annual General Meeting by way of an ordinary resolution. Pursuant to Rule 17.03B(2) of the Listing Rules, the Service Provider Sublimit is subject to separate approval by the Shareholders at the Annual General Meeting.

A circular containing, among other matters, details of the proposed amendments to the Share Option Scheme and the Service Provider Sublimit together with a notice of the Annual General Meeting will be despatched to the Shareholders in due course.

By Order of the Board
BabyTree Group
寶寶樹集團
GAO Min
WANG Huainan
Co-Chairmen

Hong Kong, March 21, 2023

As at the date of this announcement, the Board comprises Mr. GAO Min and Mr. XU Chong as executive Directors; Mr. WANG Huainan, Mr. QIAN Shunjiang, Mr. CHEN Bing, Mr. CHEN Weijun, Mr. WU Ying and Mr. Christian Franz REITERMANN as non-executive Directors; and Mr. CHEN Guanglei, Mr. De-chao Michael YU, Mr. SHIAH Hung-Yu and Ms. Jin SU as independent non-executive Directors.