

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.



BABYTREE GROUP

寶寶樹集團

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 1761)

CONTINUING CONNECTED TRANSACTIONS FRAMEWORK AGREEMENT IN RELATION TO SALE OF GOODS

THE FRAMEWORK AGREEMENT

On 8 September 2023 (after trading hours), the Company entered into the Framework Agreement with FIL, pursuant to which the Group agreed to sell, and FIL and/or its associates agreed to purchase, certain consumer products, including maternal and child supplies, pet supplies, nutrition and health care, cosmetics and personal care, food, beverages, casual snacks, general merchandise, grain oil seasoning, feed and pet food.

LISTING RULES IMPLICATIONS

As at the date of this announcement, FIL is a substantial shareholder of the Company which is entitled to exercise or control the exercise of approximately 29.90% of the voting power at a general meeting of the Company. Accordingly, the transactions contemplated under the Framework Agreement constitute continuing connected transactions of the Company under Chapter 14A of the Listing Rules.

As one or more applicable percentage ratios in respect of the annual cap of the Framework Agreement exceed 0.1% but are less than 5%, the transactions contemplated under the Framework Agreement are subject to the announcement and annual reporting requirements but exempted from the circular (including independent financial advice) and Shareholders' approval requirement pursuant to Rule 14A.76(2) of the Listing Rules.

THE FRAMEWORK AGREEMENT

On 8 September 2023 (after trading hours), the Company entered into the Framework Agreement with FIL, pursuant to which the Group agreed to sell, and FIL and/or its associates agreed to purchase, certain consumer products, including maternal and child supplies, pet supplies, nutrition and health care, cosmetics and personal care, food, beverages, casual snacks, general merchandise, grain oil seasoning, feed and pet food (the “**Goods**”).

The principal terms of the Framework Agreement are set out below:

Date: 8 September 2023

Parties:	(i) the Company; and (ii) FIL
Term:	From the date of the Framework Agreement to 31 December 2023
Subject matter:	During the term of the Framework Agreement, the Group will sell the Goods to FIL and/or its associates.
Sales price and pricing policy:	<p>The Group (as provider) and FIL and/or its associates (as purchaser) shall enter into separate implementation agreements in accordance with terms of the Framework Agreement.</p> <p>The prices of the Good to be ordered pursuant to the Framework Agreement will be determined after arms length negotiations between the parties from time to time and will be no more favourable than the terms offered by the Group to independent third parties having regard to the quantity, specifications and/or other conditions of the Goods to be offered. The selling price of the Goods for each purchase order shall be determined with reference to, among others, the following:</p> <ul style="list-style-type: none"> (i) the quantity and other specific requirements (such as the country of origin or the grading of the Goods) required; (ii) the Group's procurement costs for the required Goods, including the cost for sourcing the required Goods and other associated cost; (iii) communication and query by the Group's business team with the customers, suppliers or trade partners through site visits on the prices of comparable transactions in the same period and the prevailing market price at the time of a particular transaction; (iv) market and price information in the PRC consumer product market obtained from China National Bureau of Statistics (www.stats.gov.cn); (v) the prevailing price and terms offered by the Group to independent third party customers for Goods of comparable quantity, quality, specifications and conditions; and (vi) upon determining the final price and terms, the Group's business team will compare such price and terms with those offered by the Group to independent third party customers to ensure that no more favourable terms will be offered to FIL and/or its associates.
Payment terms:	Unless otherwise agreed in a separate implementation agreement pursuant to the terms of the Framework Agreement, purchasers shall pay the price of the Goods on a monthly basis and within 20 days from the date of receipt of the invoice sent from providers.
Termination:	The Framework Agreement shall remain valid until the earlier of (i) the transaction amount contemplated under the Framework Agreement reaches its annual cap; or (ii) expiry of the term of the Framework Agreement on 31 December 2023.

HISTORICAL AMOUNT

The historical amount for similar transactions between the Group (as provider) and FIL and/or its associates (as purchaser) for the financial year ended 31 December 2022 was approximately RMB11.5 million.

ANNUAL CAP AND BASIS FOR DETERMINING THE ANNUAL CAP

Since 2023, the Group has, in the ordinary and usual course of business and on normal commercial terms, sold the Goods to FIL and/or its associates (12 enterprises in total), which amounted to approximately RMB0.3 million for the period from 1 January 2023 and up to the date of this announcement (the “**Fully-exempt Transactions**”). As the transaction amounts of the Fully-exempt Transactions, on an individual and aggregate basis, did not exceed HK\$3.0 million and none of the applicable percentage ratios exceeded 5%, and the transactions were conducted on normal commercial terms, the Fully-exempt Transactions constituted fully-exempt connected transactions of the Company which are fully exempt from all disclosure and independent Shareholders’ approval requirements under Chapter 14A of the Listing Rules.

The annual cap of the Framework Agreement for the financial year ending 31 December 2023 is RMB15.0 million. When arriving at the annual cap, the Company took into consideration the following factors: (i) the historical amounts for similar transactions under the Framework Agreement; (ii) the projected orders in the amount of approximately RMB11.0 million based on the initial expression of interest received from FIL and/or its associates; (iii) the projected per unit price of the Goods with reference to the price sold in the past; and (iv) the total transaction amount of the Fully-exempt Transactions.

INTERNAL CONTROL MEASURES

The Company has adopted the following internal control measures to ensure that all connected transactions (including the transactions contemplated under the Framework Agreement) are conducted on normal commercial terms and in accordance with the terms of the relevant agreements:

- (i) the business team and legal department of the Group regularly makes reference to relevant market practice and the terms of other agreements between the Group and independent third parties, pursuant to which comparable types of transactions are contemplated, and before entering into each agreement for a connected transaction, review the pricing and other terms to ensure it is conducted on normal commercial terms or on terms no less favorable than those available to independent third parties;
- (ii) the business team and finance department of the Group will monitor and ensure that every connected transaction is conducted in accordance with the terms of the relevant agreement and do not exceed the annual cap for the transaction; and
- (iii) before entering into an agreement for a connected transaction, our independent non-executive Directors review the terms of the connected transaction to ensure it is conducted on normal commercial terms or on terms no less favorable than those available to independent third parties.

The Board considers that such internal control procedures on pricing could effectively ensure that the pricing and terms of the transactions contemplated under the Framework Agreement are conducted on normal commercial terms and on terms no less favorable than those terms for similar products sold by the Group to independent third parties, and in accordance with the pricing policy of the Group.

REASONS FOR AND BENEFITS OF THE FRAMEWORK AGREEMENT

The Company is principally engaged in providing maternity and children-focused community platforms. FIL is a global innovation-driven consumer group with mission to provide high-quality products and services for families around the world in Health, Happiness, Wealth and Intelligent Manufacturing segments.

The cooperation with the purchasers can broaden and perfect the range of knowledge and service the Group is able to provide to its customers, enhancing its ability to consolidate high-quality daily life products to young families. The Framework Agreement will also allow the Group to expand its sales channel and capture the synergy between the purchasers and the Group, and contribute to the operational and business development of the Group.

None of the Directors has a material interest in the transactions contemplated under the Framework Agreement and therefore none of the Directors is required to abstain from voting on the resolution of the Board approving the Framework Agreement and the transactions contemplated thereunder.

The Directors (including the independent non-executive Directors) are of the view that the terms of the Framework Agreement are fair and reasonable, the transactions contemplated under the Framework Agreement are on normal commercial terms and in the ordinary and usual course of business of the Group and the transactions contemplated thereunder are in the interest of the Company and the Shareholders as a whole.

GENERAL INFORMATION

The Company

The Company is incorporated in the Cayman Islands with limited liability, the Shares of which are listed on the main board of the Stock Exchange. The Group operates one of the largest and most active maternity and children-focused community platforms in China by monthly active users, dedicated to connecting and serving young families.

FIL

FIL is incorporated under the laws of Hong Kong and its shares are listed on the main board of the Stock Exchange (stock code: 00656). FIL is a global innovation-driven family consumption group with a mission to provide high-quality products and services for families around the world in four major business segments, including Health, Happiness, Wealth and Intelligent Manufacturing.

To the best knowledge, information and belief of the Directors after having made all reasonable enquiries, as of the date of this announcement, FIL is directly and indirectly held by Mr. Guo Guangchang as to 73.44% of the equity interests.

LISTING RULES IMPLICATIONS

As at the date of this announcement, FIL is a substantial shareholder of the Company which is entitled to exercise or control the exercise of approximately 29.90% of the voting power at a general meeting of the Company. Accordingly, the transactions contemplated under the Framework Agreement constitute continuing connected transactions of the Company under Chapter 14A of the Listing Rules.

As one or more applicable percentage ratios in respect of the annual cap of the Framework Agreement exceed 0.1% but are less than 5%, the transactions contemplated under the Framework Agreement are subject to the announcement and annual reporting requirements but exempted from the circular (including independent financial advice) and Shareholders' approval requirement pursuant to Rule

14A.76(2) of the Listing Rules.

DEFINITIONS

In this announcement, unless the context otherwise requires, the following expressions shall have the following meanings when used herein:

“Board”	the board of Directors
“Company”	BabyTree Group, a company incorporated in the Cayman Islands with limited liability, the Shares of which are listed on the main board of the Stock Exchange
“Director(s)”	the directors of the Company
“Framework Agreement”	the framework agreement entered into between the Company and FIL on 8 September 2023, pursuant to which the Group agreed to sell, and FIL and/or its associates agreed to purchase, certain consumer products, including maternal and child supplies, pet supplies, nutrition and health care, cosmetics and personal care, food, beverages, casual snacks, general merchandise, grain oil seasoning, feed and pet food.
“FIL”	Fosun International Limited, a company incorporated in Hong Kong, the shares of which are listed on the main board of the Stock Exchange (stock code: 00656)
“Group”	the Company and its subsidiaries
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong
“Hong Kong”	Hong Kong Special Administrative Region of the PRC
“independent third party(ies)”	a party(ies) who is/are not connected person(s) of the Company and is/are third party(ies) independent of the Company and the connected person(s) of the Company
“Listing Rules”	the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited
“PRC”	the People’s Republic of China (excluding, for the purpose of this announcement, Hong Kong, Macau Special Administrative Region of the PRC and Taiwan)
“RMB”	Renminbi, the lawful currency of the PRC
“Share(s)”	ordinary share(s) of par value USD0.0001 each in the issued share capital of the Company
“Shareholder(s)”	the holder(s) of the Share(s) from time to time
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“USD”	United States dollar, the lawful currency of the United States of America
“%”	per cent

In this announcement, unless the context requires otherwise, the terms “associate(s)”, “connected person(s)”, “connected transaction(s)”, “normal commercial terms”, “percentage ratio(s)”, “substantial shareholder(s)” and “subsidiary(ies)”, shall have the meaning given to such terms in the Listing Rules.

By order of the Board
BabyTree Group
GAO Min
WANG Huainan
Co-Chairmen

Hong Kong, 8 September 2023

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