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BABYTREE GROUP

寶寶樹集團

(incorporated in the Cayman Islands with limited liability)

(Stock Code: 1761)

UPDATE ON THE INDEPENDENT INVESTIGATION

References are made to the announcements of BabyTree Group (the “**Company**”, together with its subsidiaries, the “**Group**”) dated (i) 1 May 2023, 18 May 2023 and 30 June 2023 in relation to, among others, the delay in despatch of the 2022 Annual Report and the Postponement of the AGM; (ii) 2 August 2023 in relation to, among others, the preliminary findings in relation to the Allegations and Other Matters; (iii) 23 August 2023 and 28 September 2023 in relation to, among other things, the Resumption Guidance, the Additional Resumption Guidance and the delay in publication of the 2023 Interim Results and despatch of the 2023 Interim Report; (iv) 1 November 2023 and 1 February 2024 in relation to the quarterly update on the resumption progress; and (v) 31 March 2024, in relation to the delay in publication of the 2023 Annual Results and despatch of the 2023 Annual Report (collectively, the “**Announcements**”). Unless the context requires otherwise, capitalized terms used herein shall have the same meanings as those defined in the Announcements.

The Independent Investigation Committee (the “**Committee**”) has appointed FTI Consulting (Hong Kong) Limited as the Independent Investigator to conduct the independent forensic investigation on the Allegations and Other Matters. The Independent Investigator has reported certain preliminary findings in relation to the Allegations to the Committee. The purpose of this announcement is to provide a summary of such preliminary findings based on the information currently available.

SUMMARY OF THE PRELIMINARY FINDINGS IN RELATION TO THE ALLEGATIONS OF THE INDEPENDENT INVESTIGATION

The Independent Investigator has found that the Allegations concerning the purported “*structured order*” arrangements are either demonstrably inaccurate or unsubstantiated. The evidence gathered from the Independent Investigation does not indicate that any of the then board of directors of the Company (other than a former director of the Company suspected to be the source of the Allegations) were found to have, based on the available information and documents, knowledge of any actual or potential arrangements as contended by the Allegations to mitigate the alleged under-subscription of the Company’s offer shares in the Listing.

The Independent Investigator has not identified any evidence to support the following claims under the Allegations that (i) the Company “*agreed with an investment institution named AMTD Global Markets Limited (referred to as AMTD) to subscribe for the company’s listing order for US\$70 million, and promised to ‘return’ the entire US\$70 million raised fund to AMTD in the form of entrusted financing on the date of listing*”; and (ii) the Company “*accepted approximately US\$30 million as similar structured order from ‘Zhongke Chuangxi.’*” The evidence gathered from the Independent Investigation

indicated that the Company had received the share subscription proceeds of approximately HKD599,261,000 raised by AMTD Global (as an underwriter of the securities) in the Listing, approximately HKD589,500,000 (approximately US\$70,000,000) of which was deposited by AMTD Global directly into the Company's account maintained at AMTD Global. Based on the available information identified from data review by the Independent Investigator, upon the successful Listing, while the Group had entered into certain fund or entrusted investment agreements with AMTD Global and certain Suspected Zhongke Chuangxi Entities for the purchase of wealth management products, there was no evidence to suggest that such agreements were pre-conditions for subscription by AMTD Global or the Suspected Zhongke Chuangxi Entities, or solicitation of other investors' subscription for the Company's offer shares in the Listing.

The Independent Investigation has identified evidence indicating that a former director of the Company and/or his direct subordinates were the primary contact persons with both AMTD Global and the Suspected Zhongke Chuangxi Entities at the material time. The Independent Investigation has identified evidence indicating that the Company's then certain departments had not carried out formal approval workflow in relation to the execution of contracts and payment transactions in accordance with the then applicable internal control policies. For example, the available evidence indicates that certain payment transactions were either not supported by any formal approval records or were approved by personnel who were not known to have the corresponding authority. The Independent Investigation also noticed that the Company's then board of directors' contemporaneous knowledge of and access to information regarding the status of the fund or entrusted investments under management of AMTD Global and the Suspected Zhongke Chuangxi Entities including, for example, the composition and performance of the investment portfolio during the period leading up to a former director's removal from the office was limited, as a consequence of apparent lack of upward reporting of the foregoing relevant matters.

The Independent Investigation has indicated that, based on the available information, the claim of an alleged loan of approximately RMB130,000,000 from a former director of the Company to the Company as "*a personal loan to 'cover the shortfall'*" in the Allegations remains unsubstantiated. The Independent Investigator has performed extensive searches on the Group's available books and records, including the electronic datasets collected from the tailored forensic technology procedures. As of the date of this announcement, the Independent Investigator has not identified any of the purported agreements, nor evidence of purported bank remittances to lend support to the claim of existence of the alleged loan owed by the Group to such person.

Based on the preliminary findings of the Independent Investigation, the Committee is of the view that they are principally consistent with the findings of the Company's internal investigation into the Allegations set out in the Company's announcement dated 2 August 2023. In addition, the Independent Investigation has identified a number of financial transactions and fund flows between the Group and certain entities and/or individuals that are indicative of potential irregular financial operation, misappropriation of funds and/or possession of funds by certain ex-employees of the Group. As at the date of this announcement, the Independent Investigation is still ongoing. The Committee will continue to work with the Independent Investigator to complete the remaining investigation and issue a formal report of conclusive findings as soon as possible.

CONTINUED SUSPENSION OF TRADING

At the request of the Company, trading in the shares of the Company on the Stock Exchange has been suspended with effect from 9:00 a.m. on 2 May 2023 and will remain suspended until further notice. Further announcement(s) will be made by the Company in this respect as and when appropriate and in accordance with the requirements of the Listing Rules.

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

Hong Kong, 15 April 2024

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. HUANG Zhenwu as non-executive Directors; and Mr. CHEN Guanglei, Mr. SHIAH Hung-Yu and Ms. Jin SU as independent non-executive Directors.