

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)

PROPOSED CHANGE OF AUDITOR

This announcement is made by BabyTree Group (the “**Company**”, together with its subsidiaries, the “**Group**”) pursuant to Rule 13.51(4) of the Rules (the “**Listing Rules**”) Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the “**Stock Exchange**”).

References are made to the announcements of the Company 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, 28 September 2023 and 28 June 2024 in relation to, among others, the Resumption Guidance, the delay in publication of the 2023 Interim Results and despatch of the 2023 Interim Report and postponement of annual general meeting; (iv) 1 November 2023, 1 February 2024 and 2 May 2024 in relation to the quarterly update on the resumption progress; (v) 31 March 2024, in relation to the delay in publication of the 2023 Annual Results and despatch of the 2023 Annual Report; (vi) 15 April 2024, in relation to, update on the independent investigation; and (vii) 17 April 2024, in relation to, update on the IMA (collectively, the “**Announcements**”). Unless the context requires otherwise, capitalized terms used herein shall have the same meanings as those defined in the Announcements.

The Board announces that the Company intends to remove Baker Tilly Hong Kong Limited (the “**Auditor**”) as the auditor of the Company (the “**Proposed Removal**”) subject to the passing of an ordinary resolution at an extraordinary general meeting to be convened and held by the Company (the “**EGM**”). With the recommendation of the audit committee of the Board (the “**Audit Committee**”), subject to the Proposed Removal becoming effective by way of passing an ordinary resolution at the EGM, the Board proposes to appoint Crowe (HK) CPA Limited (“**Crowe**”) as the new auditor of the Company to fill the vacancy arising from the Proposed Removal and hold office until the conclusion of the next annual general meeting of the Company (the “**Proposed Appointment**”).

PROPOSED REMOVAL

The Auditor was re-appointed as auditors of the Group at the last annual general meeting of the Company held on 10 June 2022 to hold office until the conclusion of the next annual general meeting of the Company.

However, the Company and the Auditor have been unable to reach a consensus on the audit fee of the Auditor for the financial years ended 31 December 2022 and 2023 due to the additional work arising from the media news. After considering the facts and circumstances, the Audit Committee, having been delegated the power to oversee the effectiveness of the external auditors, was of the view that it would

be in the best interest of the Company and its shareholders (the “**Shareholders**”) as a whole to replace the Auditor with another sizeable accounting firm, and therefore made a recommendation to the Board to seek the approval of the Shareholders regarding the Proposed Removal. The Proposed Removal is subject to the passing of an ordinary resolution at the EGM pursuant to the amended and restated memorandum and articles of association of the Company (the “**Articles**”).

The Board believes that the Proposed Removal would allow the Company to implement effective cost control measures and reduce operating expenses, thereby enhancing the Group’s ability to adapt to future business development. The Board considers this decision to be in the best interest of the Company and its Shareholders as a whole.

The Company is incorporated under the laws of the Cayman Islands and to the knowledge of the Board, there is no requirement under the laws of Cayman Islands for the outgoing auditor to confirm whether or not there is any circumstance connected with the termination which they consider should be brought to the attention of the Shareholders. The Auditor has therefore not issued such confirmation.

PROPOSED APPOINTMENT

The Audit Committee has considered a number of factors in assessing Crowe’s eligibility and suitability to act as the auditor of the Company, including but not limited to (i) its audit fee and timetable proposal; (ii) the resources to be allocated by Crowe to complete the audit work for the Company; (iii) its international presence and extensive experience in providing audit services for companies listed on the Stock Exchange; (iv) its independence from the Group; and (v) the guidelines issued by the Stock Exchange and the Accounting and Financial Reporting Council in respect of change of auditor.

Based on the above, the Audit Committee has assessed and considered that Crowe is eligible and suitable to act as the new auditor of the Company. The official appointment is now subject to the completion of Crowe’s internal clearance procedures which are now being conducted, and the Company will issue an announcement in relation to the appointment of Crowe upon completion of such procedures.

The Board wishes to emphasize that the operations of the Group remain normal. The Company will proactively assist Crowe to complete the audit work and will publish further announcement(s) to inform the Shareholders and potential investors of any significant developments as and when appropriate in compliance with the requirements of the Listing Rules.

IMPLICATIONS OF THE LISTING RULES

Pursuant to Article 29.2 of the Articles, the Shareholders may, at any general meeting convened and held in accordance with the Articles, remove the auditors by ordinary resolution at any time before the expiration of the term of office. Pursuant to Article 29.2 of the Articles, the Board may fill any casual vacancy in the office of auditors, but while any such vacancy continues the surviving or continuing auditors (if any) may act. The remuneration of any auditor appointed by the Board pursuant to Article 29.2 may be fixed by the Board.

Pursuant to Rule 13.88 of the Listing Rules, (a) the Company must not remove its auditor before the end of the auditor’s term of office without first obtaining Shareholders’ approval at a general meeting; (b) the Company must send a circular proposing the removal of the auditor to the Shareholders with any written representations from the auditor not less than 10 business days before the general meeting; and (c) the Company must allow the auditor to attend the general meeting and make written and/or verbal representations to the Shareholders at the general meeting.

In compliance with the Articles and the Listing Rules, the Proposed Removal will be proposed for

approval as an ordinary resolution at the EGM and the Proposed Appointment and the remuneration thereof will be proposed for approval at a Board meeting.

The Board confirms that, save as disclosed in this announcement, there are no other circumstances or matters in connection with the Proposed Removal and the Proposed Appointment that should be brought to the attention of the Shareholders.

Accordingly, the Company will despatch to the Shareholders a circular containing, among other things, further information on the Proposed Removal together with a notice convening the EGM (the “**Circular**”), and the Company will also despatch a copy of the Circular to the Auditor to invite them to attend the EGM and may also invite the Auditor to make written and/or verbal representations (if any) to the Shareholders at the EGM.

THE EGM

The EGM will be convened and held for the purposes of considering and, if thought fit, approving the Proposed Removal. The Circular is expected to be despatched to the Shareholders on or before 9 August 2024.

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.

Shareholders and potential investors of the Company should exercise caution when dealing in the shares of the Company.

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

Hong Kong, 26 July 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.