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BABYTREE GROUP

寶寶樹集團

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 1761)

CONTINUING CONNECTED TRANSACTIONS PURCHASE FRAMEWORK AGREEMENTS

THE PURCHASE FRAMEWORK AGREEMENTS

On October 17, 2022 (after trading hours), Meitun Mama, an indirect wholly-owned subsidiary of the Company, entered into the Purchase Framework Agreements with each of the Purchasers, pursuant to which Meitun Mama shall supply, and the Purchasers shall purchase, certain consumer products, namely pet products, cosmetics products, milk powder products, food products, medical equipment and seasonal gift bags.

LISTING RULES IMPLICATIONS

As at the date of this announcement, Fosun International 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 and each of the Purchasers is a subsidiary of Fosun International. Thus, each of the Purchasers is an associate of Fosun International and a connected person of the Company in accordance with the Listing Rules. Accordingly, the transactions contemplated under the Purchase Framework Agreements constitute continuing connected transactions of the Company under Chapter 14A of the Listing Rules.

Pursuant to Rule 14A.81 of the Listing Rules, the continuing connected transactions contemplated under the Purchase Framework Agreements should be aggregated for the financial year ending December 31, 2022, as they were entered into by members of the Group with the associates of Fosun International, and the subject matters of the Stater Cloud Purchase Framework Agreement and the Zilamai Purchase Framework Agreement relate to the supply of consumer products by a member of the Group to the associates of Fosun International.

As one or more applicable percentage ratios in respect of the Annual Caps of the Purchase Framework Agreements (on an aggregate basis) exceed 0.1% but are less than 5%, the transactions contemplated under the Purchase Framework Agreements 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 PURCHASE FRAMEWORK AGREEMENTS

On October 17, 2022 (after trading hours), Meitun Mama, an indirect wholly-owned subsidiary of the Company, entered into the Purchase Framework Agreements with the Purchasers, pursuant to which Meitun Mama shall supply, and the Purchasers shall purchase, certain consumer products, namely pet products, cosmetics products, milk powder products, food products, medical equipment and seasonal gift bags.

The principal terms of the Purchase Framework Agreements are set out below:

Stater Cloud Purchase Framework Agreement

Date

October 17, 2022

Parties

- (1) Meitun Mama (as supplier); and
- (2) Stater Cloud (as purchaser).

Condition precedent

The Stater Cloud Purchase Framework Agreement is conditional upon the Company having complied with all applicable requirements under the Listing Rules in connection with the entering into of the Stater Cloud Purchase Framework Agreement and the transactions contemplated thereunder (if applicable).

Subject matter

Pursuant to the Stater Cloud Purchase Framework Agreement, Meitun Mama agreed to supply consumer products, namely pet products, cosmetics products, milk powder products, food products and medical equipment, to Stater Cloud. Meitun Mama and Stater Cloud shall undergo transactions from time to time in accordance with the sales orders entered into pursuant to the Stater Cloud Purchase Framework Agreement. Those sales orders shall not violate the terms and conditions of the Stater Cloud Purchase Framework Agreement.

Sales price and pricing policy

Pursuant to the Stater Cloud Purchase Framework Agreement, the price of products under the Stater Cloud Purchase Framework Agreement shall be determined in the ordinary course of business, on normal commercial terms and negotiated on arm's length basis between the parties, and shall be based on the prevailing market prices of similar products in the PRC at the time of the relevant transaction. Such prices to be determined shall be no less favorable than the price of products to third parties by the Group under the same conditions.

Payment

Stater Cloud shall pay the price of the consumer products on a monthly basis and within 20 days from the date of receipt of the invoice sent from Meitun Mama.

Duration and termination

The term of the Stater Cloud Purchase Framework Agreement commences from the date of the Stater Cloud Purchase Framework Agreement to December 31, 2022.

The Stater Cloud Purchase Framework Agreement shall remain valid until the earlier of (i) the transaction amount in respect of the transactions contemplated under the Stater Cloud Purchase Framework Agreement reaches its relevant Annual Cap; or (ii) expiry of the term of the Stater Cloud Purchase Framework Agreement on December 31, 2022.

Zilamai Purchase Framework Agreement

Date

October 17, 2022

Parties

- (1) Meitun Mama (as supplier); and
- (2) Shanghai Zilamai (as purchaser).

Condition precedent

The Zilamai Purchase Framework Agreement is conditional upon the Company having complied with all applicable requirements under the Listing Rules in connection with the entering into of the Zilamai Purchase Framework Agreement and the transactions contemplated thereunder (if applicable).

Subject matter

Pursuant to the Zilamai Purchase Framework Agreement, Meitun Mama agreed to supply consumer products, namely seasonal gift bags, to Shanghai Zilamai. Meitun Mama and Shanghai Zilamai shall undergo transactions from time to time in accordance with the sales orders entered into pursuant to the Zilamai Purchase Framework Agreement. Those sales orders shall not violate the terms and conditions of the Zilamai Purchase Framework Agreement.

Sales price and pricing policy

Pursuant to the Zilamai Purchase Framework Agreement, the price of products under the Zilamai Purchase Framework Agreement shall be determined in the ordinary course of business, on normal commercial terms and negotiated on arm's length basis between the parties, and shall be based on the prevailing market prices of similar products in the PRC at the time of the relevant transaction. Such prices to be determined shall be no less favorable than the price of products to third parties by the Group under the same conditions.

Payment

Shanghai Zilamai shall pay the price of the consumer products on a monthly basis and within 20 days from the date of receipt of the invoice sent from Meitun Mama.

Duration and termination

The term of the Zilamai Purchase Framework Agreement commences from the date of the Zilamai Purchase Framework Agreement to December 31, 2022.

The Zilamai Purchase Framework Agreement shall remain valid until the earlier of (i) the transaction amount in respect of the transactions contemplated under the Zilamai Purchase Framework Agreement reaches its relevant Annual Cap; or (ii) expiry of the term of the Zilamai Purchase Framework Agreement on December 31, 2022.

PRICING POLICIES OF THE GROUP UNDER THE PURCHASE FRAMEWORK AGREEMENTS

The price of consumer products for orders made under the Purchase Framework Agreements will be determined with reference to:

- (i) comparable transactions (if any) conducted by the Group with Independent Third Parties during the same period;
- (ii) communication and exchange of price information by the Group through various means, including telephone conversations, emails and meetings with peers and business partners within the relevant consumer product industry;

- (iii) communication and query by members of the sales department of the Group 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; and/or
- (iv) market and price information in the PRC consumer product market obtained from China National Bureau of Statistics (www.stats.gov.cn). The relevant market price data will be used as the basis for the transactions with Stater Cloud or Shanghai Zilamai (as the case may be) by the sales department.

ANNUAL CAPS

The Annual Caps of the Stater Cloud Purchase Framework Agreement and the Zilamai Purchase Framework Agreement for the financial year ending December 31, 2022 are RMB10.0 million and RMB3.6 million (inclusive of the Fully-exempt Transactions more particularly set out below), respectively. Accordingly, the aggregate Annual Caps for the Purchase Framework Agreements for the financial year ending December 31, 2022 is RMB13.6 million (inclusive of the Fully-exempt Transactions (as defined below)).

Since 2022, the Group had, in the ordinary and usual course of business and on normal commercial terms or better, entered into transactions with 49 members of the Fosun Group, which involved the Group selling consumer products, namely seasonal gift bags for International Children’s Day and Mid-Autumn Festival and beverage products, to such members of the Fosun Group, which amounted to approximately RMB2.07 million for the period from January 1, 2022 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 million and none of the applicable percentage ratios exceeded 5%, and the transactions were conducted on normal commercial terms or better, 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.

When arriving at the Annual Caps, the Company took into consideration the following factors: (i) the projected number of sales orders in the amount of approximately RMB9.0 million based on the initial expression of interest received from Stater Cloud; (ii) the projected per unit price of seasonal gift bags ranging between RMB150 and RMB160 with reference to the price sold under the Fully-exempt Transactions and the projected number of sales volume of approximately 9,000 to Shanghai Zilamai; and (iii) 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 Purchase Framework Agreements) are conducted on normal commercial terms and in accordance with the terms of the relevant agreements:

- (i) the finance 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 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 relevant Annual Caps 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 Purchase Framework Agreements 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 PURCHASE FRAMEWORK AGREEMENTS

The Company is principally engaged in providing maternity and children-focused community platforms. Stater Cloud focuses on supply chain management, sales of hygiene, maternity and children and pet products, trading and logistics in the PRC. Shanghai Zilamai focuses on consumer product supply.

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 Purchase Framework Agreements 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.

INFORMATION ON THE COMPANY AND THE PARTIES TO THE PURCHASE FRAMEWORK AGREEMENTS

The Company and Meitun Mama

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 the largest and most active maternity and children-focused community platforms in China by monthly active users, dedicated to connecting and serving young families.

Meitun Mama is a company established under the laws of the PRC and an indirect wholly-owned subsidiary of the Company. Meitun Mama principally engages in the business of e-commerce, distribution of maternal and infant products, food products and daily necessities, and the provision of technical services.

The Purchasers

Stater Cloud is a limited liability company established under the laws of the PRC, and is principally engaged in supply chain management, sales of hygiene, maternity and children and pet products, trading and logistics in the PRC.

Shanghai Zilamai is a limited liability company established under the laws of the PRC, and is principally engaged in consumer product supply.

Each of Stater Cloud and Shanghai Zilamai is an indirect non-wholly owned subsidiary of Fosun International, which is a company listed on the main board of the Stock Exchange (stock code: 00656) and 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.

GENERAL

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

The Directors (including the independent non-executive directors) are of the view that the terms of the Purchase Framework Agreements are fair and reasonable, the transactions contemplated under the Purchase Framework Agreements are on normal commercial terms or better 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.

LISTING RULES IMPLICATIONS

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Pursuant to Rule 14A.81 of the Listing Rules, the continuing connected transactions contemplated under the Purchase Framework Agreements should be aggregated for the financial year ending December 31, 2022, as they were entered into by members of the Group with the associates of Fosun International, and the subject matters of the Stater Cloud Purchase Framework Agreement and the Zilamai Purchase Framework Agreement relate to the supply of consumer products by a member of the Group to the associates of Fosun International.

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DEFINITIONS

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

“Annual Cap(s)”	the respective maximum aggregate value for the financial year ending December 31, 2022 in respect of the transactions contemplated under each of the Purchase Framework Agreements, and collectively, the “Annual Caps”
“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
“Fosun Group”	Fosun International and its subsidiaries
“Fosun International”	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 Parties”	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
“Meitun Mama”	Meitun Mama (Shanghai) E-commerce Co., Ltd.* (美國媽媽(上海) 電子商務有限公司), a company established under the laws of the PRC and an indirect wholly-owned subsidiary of the Company
“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)
“Purchase Framework Agreements”	collectively, the Stater Cloud Purchase Framework Agreement and the Zilamai Purchase Framework Agreement
“Purchasers”	collectively, Stater Cloud and Shanghai Zilamai
“RMB”	Renminbi, the lawful currency of the PRC
“Shanghai Zilamai”	Shanghai Zilamai Trading Co., Limited* (上海滋叻美貿易有限公司), a limited liability company established under the laws 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
“Stater Cloud”	Stater Cloud (Hangzhou) Supply Chain Management Company Limited* (信泰雲鏈(杭州) 信息科技發展有限公司), a limited liability company established under the laws of the PRC
“Stater Cloud Purchase Framework Agreement”	the purchase framework agreement entered into between Stater Cloud and Meitun Mama on October 17, 2022 for the supply of consumer products by Meitun Mama to Stater Cloud
“Stock Exchange”	The Stock Exchange of Hong Kong Limited

“USD”	United States dollar, the lawful currency of the United States of America
“Zilamai Purchase Framework Agreement”	the purchase framework agreement entered into between Shanghai Zilamai and Meitun Mama on October 17, 2022 for the supply of consumer products by Meitun Mama to Shanghai Zilamai
“%”	per cent

In this announcement, unless the context requires otherwise, the terms “associate(s)”, “connected person(s)”, “connected transaction(s)”, “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
寶寶樹集團
GAO Min
WANG Huainan
Co-Chairmen

Hong Kong, October 17, 2022

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.

* *For identification purposes only*