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BABYTREE GROUP

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(Incorporated in the Cayman Islands with limited liability)

(Stock code: 1761)

**SUPPLEMENTAL ANNOUNCEMENT
CONTINUING CONNECTED TRANSACTION
SERVICE AGREEMENT WITH STARDOCTOR**

BACKGROUND

Reference is made to the announcement (the “**Announcement**”) of the Company dated March 7, 2019 in relation to the Service Agreement entered into between Zhongming and Stardoctor. Unless otherwise defined, capitalized terms used herein shall have the same meanings as those defined in the Announcement.

The Company would like to provide the following additional information in relation to the continuing connected transaction contemplated under the Service Agreement.

As disclosed in the Announcement, Stardoctor will pay Zhongming Technical Service Fee calculated at 15% of the relevant Service Fees collected from the Customers. When the Company and Stardoctor conducted arm’s length negotiations in order to determine the amount of the Technical Service Fee, the Company considered the excellent doctor resources that Stardoctor possesses and the service fees the Company charges independent third party online healthcare service providers for services of similar nature within the Company’s content monetization business segment in the usual and ordinary course of business. The duration of the agreements between the Company and independent third party online healthcare service providers is typically one year and pursuant to such agreements, the percentage of service fees charged shall not be adjusted before the expiry of the agreements. Similar to the agreements between the Company and independent third party online healthcare service providers, the Service Agreement is not a framework agreement and the Company and Stardoctor do not negotiate individual transactions under the Service Agreement. Therefore, the Directors believe that the pricing terms of the Service Agreement are on normal commercial terms.

We have adopted the following internal control measures to ensure that connected transactions are conducted on normal commercial terms and in accordance with the terms of the relevant agreement:

- (a) Our financial department regularly makes reference to relevant market practice and the terms of other agreements between the Company 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 favourable than those available to independent third parties.
- (b) Our financial department 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 caps for the relevant transaction.
- (c) 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 favourable than those available to independent third parties.

Since the transaction contemplated under the Service Agreement is a new type of cooperation between the parties, there are no historical transaction amounts for reference. When arriving at the Annual Caps, the Company took into consideration its projections on relevant Service Fees to be collected from the Customers based on daily active users of its Platforms, number of doctors registered with Stardoctor, and projections on number of orders from both Expert Q&A and Mood Talking services.

By order of the Board of Directors

BabyTree Group

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WANG Huainan

Chairman

Hong Kong, March 18, 2019

As at the date of this announcement, the Board comprises Mr. WANG Huainan and Mr. XU Chong as executive Directors; Mr. CHEN Qiyu, Mr. WANG Changying, Mr. MA Jiangwei, Mr. Christian Franz REITERMANN and Mr. JING Jie as non-executive Directors; and Mr. CHEN Guanglei, Ms. CHEN Danxia, Mr. De-chao Michael YU and Mr. ZHANG Hongjiang as independent non-executive Directors.