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**BABYTREE GROUP**

**寶寶樹集團**

*(Incorporated in the Cayman Islands with limited liability)*

**(Stock Code: 1761)**

## **PROFIT WARNING**

This announcement is made by BabyTree Group (the “**Company**”, together with its subsidiaries, the “**Group**”) pursuant to Rule 13.09(2) of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the “**Listing Rules**”) and the Inside Information Provisions (as defined in the Listing Rules) under Part XIVA of the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong).

Reference is made to the interim report of the Company published on September 25, 2019, which stated that the Company would record a further loss for the year ended December 31, 2019. The board (the “**Board**”) of directors (the “**Directors**”) of the Company wishes to inform shareholders of the Company (the “**Shareholders**”) and potential investors that based on the information currently available to the Company and the preliminary review of the unaudited consolidated management accounts of the Group for the year ended December 31, 2019, it is expected that the Group will record a larger loss for the six months ended December 31, 2019 as compared to a loss of RMB98.3 million for the six months ended June 30, 2019.

The expected increase in loss for the second half of 2019 compared to the first half of 2019 is primarily due to the decrease in our revenue and the increase in our expenses. Our revenue decreased for the second half of 2019 compared to the first half of 2019 primarily because (i) advertising placement with major clients continued to decrease as budgets of our major advertising clients further tightened and the competition of the advertising business became increasingly intense as a result of the continued decline of the macro-economic environment in China; and (ii) the e-commerce business did not meet our expectation, and more time and efforts were required for user education. Our expenses increased for the second half of 2019 compared to the first half of 2019 primarily because (i) we further increased marketing expenses to gain more market share and explore new business; and (ii) our staff costs increased as a result of our further optimization of personnel structure to improve business.

Information contained in this announcement is based solely on the preliminary assessment by the Board based on information currently available to it, including the unaudited consolidated management accounts of the Group for the year ended December 31, 2019, which have not been confirmed or reviewed by the Company’s auditors or the audit committee of the Company. The actual results of the Group for the year ended December 31, 2019 may differ from what is disclosed in this announcement. Detailed financial results of the Group for the year ended December 31, 2019 will be disclosed in the annual results announcement which is expected to be published in March 2020.

**Shareholders and potential investors of the Company are advised to exercise caution when dealing in the shares of the Company.**

By order of the Board of Directors

**BabyTree Group**

**寶寶樹集團**

**WANG Huainan**

*Chairman*

Hong Kong, January 23, 2020

*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. WU Ying, Mr. Christian Franz REITERMANN and Mr. HU Weixiong 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.*